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The COMMERCIAL & FINANCIAL CHRONICLE

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Block Of J. P. Morgan Co. Capital Stock Offered To Public At $206 Per Share

For the first time in its 81 year history partial ownership of the bank of J. P. Morgan & Co., Inc. passed into the hands of the public with the offering on Feb. 3 of a block of 16,500 shares of capital stock. The stock was offered by Smith, Barney & Co., New York, at $206 per share and represents approximately 8¼% of the outstanding shares.

The primary, and, in fact, only, purpose for sale of these shares, according to the announcement made by Smith, Barney & Co., and later substantiated by Thomas W. Lamont, Vice Chairman of the Board and Chairman of the Executive Committee of J. P. Morgan & Co., Inc., is to further broaden the ownership of the company. It also is desirous that a published market value be quoted on the shares of the company, a virtual impossibility when the stock is held, as previously, by a relatively small number of persons.

Although the identity of the sellers of the stock was not revealed either by the purchasing bankers or by Morgan officials, Mr. Lamont did disclose that most of all of the large stockholders contributed to the total. He also estimated that there were, previously to this sale, probably between eighty and ninety holders of the company's capital stock, mostly all of whom are either identified with the company or are members of the families of former partners of the private banking firm of J. P. Morgan & Co.

A prospectus issued by Smith, Barney & Co. affords the following:

J. P. Morgan & Co. Inc. began business on April 1, 1940, having been incorporated in the State of New York to take over the business conducted by the former private banking firm of J. P. Morgan & Co. The incorporated institution has continued to conduct its affairs generally in the same manner as they had been conducted for many years by the private banking firm. Certain activities have been altered, however, and others have been expanded or developed.

The company operates under the banking laws of the State of New York and under the supervision of the Banking Department of that State. In addition to transacting a general banking business the company renders numerous corporate and personal trust and agency services and an investment advisory service to its clients. It owns a substantial stock interest in Morgan Grenfell & Co., Limited, London, which conducts a private banking business. This stock is carried on the books of the company at $3,886,000 which, on the basis of the latest available balance sheet, is approximately $1,000,000 below the book value thereof at current exchange valuations.

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Our Reporter On "Governments"

The first cash borrowing of the war, the first new money operation of 1942 should be announced next week. . . . For sale either slightly before or around the 15th of the month. . . . Which is exactly as expected—and which should cause no surprise at all. . . . At the rate of Treasury spending these days, financings every other month must be taken for granted until Secretary Morgenthau submits to a trial of the "tap" method of financing or decides to use his new power to sell Government securities direct to the 12 Federal Reserve Banks. . . .

The total? No one even tries to guess at details of a flotation these days, but it seems logical that it should be around the $1,000,000,000 mark. . . . Borrowing less scarcely would seem worth while. . . .

The terms? An even more futile guessing game. . . . But either a short-term bond or a note or an addition to one of the outstanding taxable 2s (the 2s of 1951-49, outstanding in the amount of $1,014,000,000 and selling at 101.2, or the 2s of 1955-51, outstanding in the amount of $533,000,000 and selling at 100.21 at this writing). . . .

Short-terms, because Morgenthau recognizes a longer time is needed to make sure the long-term issues are well distributed and in the hands of permanent holders. . . . An additional issue because the list already is becoming unwieldy and Morgenthau would be wise to avoid increasing the confusion by broadening the list unnecessarily. . . .

Those are the best forecasts at the moment. . . . Not too definite but they do provide guides to your policy while waiting for the financing. . . . Unless the predictions go completely wrong, expect the long-term section to have a breathing spell, the short-term bond list to be under technical pressure for a while. . . . You can carry on with decisions according to your own particular position from there. . . .

The cash balance, incidentally, is down to the $2,100,000,000 mark, despite record sales of $767,000,000 defense bonds through Jan. 23. . . .

The market's action is unattractive. . . . Prices react on any news at all, seem to want to go down more than up. . . . For instance, the weakness following announcement of the February financing had no real stimulant outside of general nervousness. . . .

And as for the taxable-tax-exempt gyrations—well there's money to be made here:

How To Do It

To explain that sentence—and it needs explanation, admittedly—here's what to do:

(1) "Copper" the crowd. . . . Don't sell tax-exempts because the "crowd" is selling them. . . . Buy them on any weakness instead. . . .

(2) Buy taxables when they're going off in relation to tax-exempts. . . .

(3) Follow your own judgment on the possibility of near-term action to tax outstanding tax-exempts. . . . Do you honestly think Morgenthau is going to succeed in accomplishing this obvious circumvention of the constitutional principle of contract inviolability? . . . Do you really expect he'll lower the normal income tax just to

(Continued on page 559)

OUR REPORTER'S REPORT

Strict adherence to the sound fundamentals of investment was urged on trust officers of banks and others who are charged with directing the flow of the public's funds into securities.

Speaking before the trust division of the American Bankers' Association here earlier in the week, Richard G. Stockton, head of the section, and Vice-President of the Wachovia Bank & Trust Co., of Winston-Salem, N. C., advised "steer clear of 'will-of-the-wisp war time babies'."

He warned handlers of trust funds that during current war conditions "temptations will constantly arise to switch investments solely on the theory that dislocations and displacements will have an unfavorable effect upon such holdings."

He added, however, that "trustees should remain firm in their determination to place the financial welfare of their beneficiaries in the hands of companies which maintain the highest efficiency in management."

Trust men were admonished that such temptations would present one of the most difficult problems facing them during the war period and the post-war period.

Admitting that events of the last 20 years may have raised in many minds the question of whether or not the institution of private property could survive, Mr. Stockton asserted that "in the long run, astute private enterprise can surpass any form

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Dickinson & Chapman With Blair, Bonner

CHICAGO, ILL.—Blair, Bonner & Company, 135 South La Salle Street, announce that Phil. S. Dickinson and John A. Chapman, formerly of Knight, Dickinson & Co., Chicago, have become associated with them as of Feb. 2, 1942.

Both Mr. Dickinson and Mr. Chapman have been active in the investment banking business in Chicago for many years. Mr. Dickinson began 28 years ago, in 1914, with Charles S. Kidder & Co. Except for a period of war service 1917-18, he was continuously with them until 1920, when he assisted in organization of William L. Ross & Co., Chicago, of which he was Vice-President. In May, 1930, this firm consolidated with Nichols, Terry & Co. to form Nichols, Terry & Dickinson, Inc., of which Mr. Dickinson was First Vice-President and later President. This latter firm in 1940 consolidated with Bartlett, Knight & Co. to form Knight, Dickinson & Co., of which Mr. Dickinson was Vice President.

Mr. Chapman began in the investment business in 1917 with Wm. A. Read & Co. In 1922 he helped organize and became President of Chapman, Grannis & Co., Chicago, continuing in that capacity until 1930, when he became Vice-President of Bartlett, Knight & Co. Since May, 1940, when that firm entered into a consolidation to form Knight, Dickinson & Co., Mr. Chapman has been Vice-President of the latter company. He is a director of International Harvester Co.

Kuhn, Loeb Celebrates 75 Years In Wall St.

Kuhn, Loeb & Co., 52 William Street, New York City, members of the New York Stock Exchange, are celebrating the seventy-fifth anniversary of the entrance of their firm into the general investment and banking business on Feb. 1, 1867. In the three-quarters of a century that have passed since then the firm has risen to be one of the nation's most influential banking institutions and underwriting houses.

Founded by Abraham Kuhn, Solomon Loeb and Samuel Wolff, the firm today numbers among its eleven present partners two great-grandsons of Solomon Loeb. Present partners are: George W. Bovenizer, Lewis L. Strauss, Sir William Wiseman, John M. Schiff, Gilbert W. Kahn, Frederick M. Warburg, Benjamin J. Buttenwieser, Elisha Walker, Hugh Knowlton, Percy M. Stewart & Robert F. Brown.

The present war has already affected the official personnel of the firm, Mr. Strauss already being on leave of absence for service as a commander in the Navy and Mr. Schiff as a lieutenant. Mr. Buttenwieser expects to be called for naval service at any time and Mr. Warburg, it is understood, is also making preparations to enter the service soon.

Howard Phillips Joins Richard J. Buck & Co.

Howard E. Phillips has become associated with Richard J. Buck & Co., 39 Broadway, New York City, members of the New York Stock and Curb Exchanges, as manager of the trading department. Mr. Phillips was formerly with Van Tuyl & Abbe and prior thereto was manager of the trading department for Robinson, Miller & Co., Inc. for several years. In the past he was a partner in Phillips & Golde, and was manager of the unlisted department for Emanuel & Co.

Howard E. Phillips

Chas. Sill Elected Nelson Douglass V.-P.

LOS ANGELES, CALIF.—Nelson Douglass & Co., 510 South Spring Street, have announced the association with their organization of ten men all formerly connected with M. H. Lewis & Company.

Heading the group is Charles F. Sill who has been elected a Vice-President of Nelson Douglass & Co. Mr. Sill brings to his new post 18 years' experience in the investment business; since 1934 he had been associated with M. H. Lewis & Company in an executive capacity and as a member of the firm's board of directors.

Others joining the Nelson Douglass organization are Fred W. Dornberger, H. G. Grapperhaus, Harry B. Hein, George Hoffman, Harry B. McDowell, Bernard S. Metty, Harry C. Oaks, Willard R. Steckbauer, and Harry F. Worthington. All have been associated with M. H. Lewis & Company for many years and are well known throughout Southern California investment circles.

M. Winkler To Lecture On Internat'l Finance

Max Winkler, authority on International Economics and Finance and former Economic Adviser to the U. S. Senate Committee on Banking and Currency, will conduct courses on Latin America, Foreign Exchange and International Business Relations, in the Evening Session of the College of the City of New York at 23rd Street and Lexington Avenue, on Tuesdays, Thursdays and Fridays. Registration is open until Feb. 6. Those wishing to register must appear in person at the College Auditorium between 7 and 8 p.m.

Mr. Winkler is a partner in Bernard, Winkler & Co., 11 Wall Street, New York City, members of the New York Stock Exchange.

Poor & McOwen With Merrill Lynch In Cinti.

(Special to The Financial Chronicle)

CINCINNATI, OHIO — William Cowan McOwen and Henry E. Poor have become associated with Merrill Lynch, Pierce, Fenner & Beane, Union Trust Company Building. Mr. Poor was formerly local manager for the First Cleveland Corporation and was manager of the bond department of the local office of Granberry & Co. Mr. McOwen was also formerly with the First Cleveland Corporation; in the past he was with Edward Brockhaus & Co.

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Long Elects Hoagland Central States V.-P.

Hugh W. Long and Company, Incorporated, 15 Exchange Place, Jersey City, national distributors of Fundamental Investors, Inc., Investors Fund C, Inc., Manhattan Bond Fund, Inc., and New York Stocks, Inc., have announced the election of Arthur M. Hoagland as Central States Vice - President.


Arthur M. Hoagland

Mr. Hoagland's business career started in the commercial banking field with the Liberty National Bank now the New York Trust Company. He has been identified with several prominent firms in various parts of the country, specializing chiefly in the distribution of industrial and municipal securities. In this period he was southern manager for Bancamerica-Blair Corp., supervising a number of branches in southern cities from headquarters in Atlanta. He has also been Director of Finance for the State of Georgia and a Public Works Administrator for the Government.

Mr. Hoagland has been identified with the Long Company since its inception and is now in charge of its distribution in all or in part of the States of Georgia, Indiana, Kentucky, Pennsylvania, Tennessee, Virginia, and West Virginia, and makes his office in the Union Trust Building, Cincinnati.

Don Craft Now With Goodbody & Company

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Don M. Craft has become associated with Goodbody & Co., National City Bank Building. Mr. Craft was previously with Blyth & Co., and prior thereto was a partner in Paine, Webber & Co.

C. Marks Co. For Defense

Carl Marks, President of Carl Marks & Co., Inc., 50 Broad St., New York City, dealers in foreign securities, announced that the employees of the firm, numbering 36, have donated $780 to the Red Cross Fund and have purchased $20,000 of U. S. Defense Bonds.

P. A. Benson 25 Yrs. With Dime Savings

Philip A. Benson, President of the Dimes Savings Bank of Brooklyn, observed the twenty-fifth year of his connection with that institution on Feb. 1. Mr. Benson entered the service of the Dime Savings Bank on Feb. 1, 1917, as Assistant Secretary. Two years later, he was elected Secretary of the bank, and in 1921 was chosen a member of the board of trustees. Thereafter he became Treasurer and three years later, in January, 1932, was made President of the bank.


Philip A. Benson

In 1938 Mr. Benson was elected President of the American Bankers' Association. During Mr. Benson's 25 years with the bank, he has seen it expand steadily, its assets having grown from $52,000,000 in 1917 to over $242,000,000 at the present time. At the beginning of the year there were over 205,000 depositors, as compared with 107,000 in 1917. During this period two branches of the Dime Savings Bank were established in Brooklyn.

Facts And Figures

Hoit, Rose & Troster, 74 Trinity Place, New York City, have just issued a statistical supplement to their recent "Facts and Figures," giving detailed information on year-end bank statistics. Copies of this interesting supplement may be had from Hoit, Rose & Troster upon request.

Wyeth Co., Coast Firm, Opens N. Y. Branch

Wyeth & Co., formerly Wyeth, Hass & Co., members of the Los Angeles Stock Exchange, have opened a New York branch office at 40 Wall Street, with a direct private wire to their Los Angeles office.

Oliver B. Scott, manager of the firm's trading department, has been in New York several weeks and will probably remain until March to coordinate operations. The firm's trading personnel has long been identified as a primary market in a number of Pacific Coast issues, and it is intended that these markets, together with facilities for the handling of inquiries, in issues listed on the Los Angeles Stock Exchange, will be available to New York dealers.

A large retail organization represents Wyeth & Co. through branch offices in the Southern California area, and in addition, the firm has developed a large wholesale business among Coast dealers. For these reasons, Wyeth & Co. is greatly interested in obtaining block offerings of securities for retail and wholesale distribution on the Pacific Coast.

H. F. Snyder Opens

(Special to The Financial Chronicle)

MONTPELIER, IND. — Harry Franklin Snyder is engaging in a general securities business from offices at 266 South Jefferson Street.

MacCormack & Walker With Fewel, Marache

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — William R. MacCormack and C. Ed. Walker have become affiliated with Fewel, Marache & Co., 453 South Spring Street, members of the Los Angeles Stock Exchange. Mr. MacCormack was previously with Merrill Lynch, Pierce, Fenner & Beane, Banks, Huntley & Co., and in the past was an officer of M. H. Lewis & Co. Mr. Walker was formerly with M. H. Lewis & Co. and R. C. Wade & Co.

Edgar Phillips Joins Schwabacher Co. Staff

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — Edgar M. Phillips has become associated with Schwabacher & Co., 515 West Sixth Street. Mr. Phillips was formerly an officer of M. H. Lewis & Company with which he had been connected for many years.

Taxes & Treasury Bonds

Turner, Knight & Sholten, 14 Wall Street, New York City, have available for distribution a circular on the "Effect of Higher Corporation Taxes on Treasury Bond Prices." Copies may be obtained from the firm upon request.

Johnson Leaves NYSE For RFC "For Duration"

Emil Schram, President of the New York Stock Exchange, has announced that H. Clay Johnson who, since Nov. 1, 1941, has been on his staff as Special Assistant, has been granted a leave of absence to return to the Reconstruction Finance Corporation in Washington, with which he was formerly connected.

Mr. Johnson's services were requested by the Reconstruction Finance Corporation for the duration of the emergency.

DIVIDEND NOTICES

Atlas Corporation
Dividend No. 22
on 6% Preferred Stock

NOTICE IS HEREBY GIVEN that a dividend of 75¢ per share for the quarter ending February 28, 1942, has been declared on the 6% Preferred Stock of Atlas Corporation, payable March 2, 1942, to holders of such stock of record at the close of business February 20, 1942.

WALTER A. PETERSON, *Treasurer*
January 30, 1942.

Borden's
COMMON DIVIDEND
No. 128

An interim dividend of thirty cents (30¢) per share has been declared on the outstanding common stock of this Company, payable March 2, 1942, to stockholders of record at the close of business February 16, 1942. Checks will be mailed.

The Borden Company
E. L. NOETZEL, *Treasurer*

COLUMBIAN CARBON COMPANY

Eighty-First Consecutive Quarterly Dividend

The Directors of Columbian Carbon Company have declared a regular quarterly dividend of $1.00 per share, payable March 10, 1942, to stockholders of record February 20, 1942 at 3 P. M.

GEORGE L. BUBB
Treasurer

OTIS ELEVATOR COMPANY

PREFERRED DIVIDEND No. 173
COMMON DIVIDEND No. 137

A quarterly dividend of $1.50 per share on the Preferred Stock and a dividend of 20¢ per share on the no par value Common Stock have been declared, payable March 20, 1942, to stockholders of record at the close of business on February 24, 1942.

Checks will be mailed.

C. A. SANFORD, *Treasurer*
New York, January 28, 1942.

S. E. Firms Name Com. For Customers' Brokers

James F. Burns, Jr., President of the Association of Stock Exchange Firms, announced the appointment of a Customers' Brokers Committee, consisting of representatives of the Association of Stock Exchange Firms and the Association of Customers' Brokers.

Thomas W. Phelps of Francis I. du Pont & Co. and Chisholm & Chapman, and a Governor of the ASEF, is Chairman of the new Committee. Thomas B. Meek, President of the Customers' Brokers Association is Vice-Chairman. Other members of the Committee are Lawrence McK. Miller of E. F. Hutton & Co., representing the ASEF, and the following customers' brokers: Allyn C. Donaldson, with Francis I. du Pont & Co. and Chisholm & Chapman; Louis C. Reynolds, with Harris, Upham & Co.; Robert J. Davidson, with Fahnestock & Co., and John Hevey, with Newman Bros. & Worms, who has been elected Secretary of the Committee.

Mr. Burns said that the Committee had been selected in cooperation with the Customers' Brokers Association, and will act as liason between the two organizations. Members of Customers' Brokers Associations in other cities will be appointed to the Committee later.

THE UNITED STATES LEATHER CO.

A dividend of $1.75 per share on its Prior Preference stock to apply on account of dividends in arrears on this date has been declared by the Board of Directors of this Company, payable April 1, 1942 to stockholders of record March 10, 1942.

C. CAMERON, Treasurer.
New York, January 28, 1942.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **George E. Wright** has become associated with **Lowell Niebuhr & Co., Inc.,** 120 South La Salle St. Mr. Wright was formerly with David A. Noyes & Co., and prior thereto with Sadler & Co. and Paine, Webber & Co.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Clarence L. Rice** is now with **Patterson, Copeland & Kendall, Inc.,** 231 South La Salle St. Mr. Rice was previously with McGraw & Co. for many years.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Logan Shillinglaw** has become affiliated with **Shillinglaw, Crowder & Co., Inc.,** 120 South La Salle St. Mr. Shillinglaw was formerly with Blair, Bonner & Co., and Bancamerica-Blair Corporation.

(Special to The Financial Chronicle)
DAYTON, O.—**Jesse R. Bowman** has been added to the staff of **Dayton Bond Corp.,** Third National Bank Building. Mr. Bowman was formerly with Slayton & Co. in St. Louis, Mo., and was an officer of Mutual Management Co. of Jersey City, N. J.

(Special to The Financial Chronicle)
DETROIT, MICH. — **Philip H. Smith,** formerly with Alison & Co., is now connected with **Baker, Weeks & Harden,** Penobscot Building.

(Special to The Financial Chronicle)
HOLLYWOOD, CALIF.—**Cecil A. Jones** has become associated with **Franklin Wulff & Co., Inc.,** 6331 Hollywood Boulevard.

(Special to The Financial Chronicle)
JACKSONVILLE, FLA. — **Jack Lewis Baker** is now with **Guaranty Underwriters, Inc.,** 310 West Adams St.

(Special to The Financial Chronicle)
JOPLIN, MO. — **Charles Perry Freeman** has joined the staff of **Wise & Smoot, Inc.,** Fourth and Joplin Streets.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Royal L. Barrows** is now with **Floyd A. Allen & Co., Inc.,** 650 South Grand Ave.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Harold D. Van Cott** has become affiliated with **Conrad, Bruce & Co.,** 530 West Sixth St.

Chicago Bond Traders Induct New Officers

CHICAGO, Ill.—Attendance of 325 members and guests at the 17th annual winter dinner of the Bond Traders Club of Chicago held Tuesday, Feb. 3rd, in the grand ballroom of the Palmer House welcomed the new officers of the club as they were presented by Thompson M. Wakeley, retiring President, who served as master of ceremonies.


Henri P. Pulver

The new officers for 1942-3 are Henri P. Pulver, Goodbody & Co., President; Frederick J. Cook, Clement, Curtis & Co., Vice-President; Francis C. Woolard, Kneeland & Co., Secretary, and Jerry Marquardt, Fuller, Cruttenden & Co., Treasurer:

Among the fifty out of town guests on hand was Herbert Blizzard of Philadelphia, President of the National Security Traders' Association. About 40 of those in attendance left Wednesday for the annual dinners in Kansas City and St. Louis.


Frederick J. Cook


Francis C. Woolard


Jerome Marquardt

ANTILLA SUGAR ESTATES

To Stockholders:

The special meeting of stockholders called to take action on the Company's Plan of Reorganization, dated as of December 1, 1941, has been adjourned to February 16, 1942, as a sufficient amount of the Company's Twenty-Year 6% Income Debentures have not yet been deposited to make the Plan effective. The stock books will accordingly remain closed.

By JOAQUIN F. PARDO, *Secretary*
February 3, 1942

ANTILLA SUGAR ESTATES

To the Holders of Twenty-Year 6% Income Debentures:

A further communication with respect to the Company's Plan of Reorganization, dated as of December 1, 1941, has been mailed to known Debenture holders. Debenture holders who have not received such communication may obtain copies thereof from The National City Bank of New York, Depositary, 20 Exchange Place, New York, N. Y.

By JOAQUIN F. PARDO, *Secretary*
February 3, 1942

Harris & Rotch To Be With Townsend Dabney

(Special to The Financial Chronicle)
BOSTON, MASS.—Jose C. Harris and Charles M. Rotch, formerly partners in F. L. Dabney & Co., will be associated with the new firm of Townsend, Dabney & Tyson, 30 State Street, members of the New York and Boston Stock Exchanges, which was formed by a consolidation of F. L. Dabney & Co. and Townsend, Anthony & Tyson.

Tomorrow's Markets Walter Whyte Says—

Despite bad war news and unsettled domestic picture, market now points up. Rail equipments act well. Two suggestions below.

By WALTER WHYTE

For whatever reason last week's market showed lower prices, as did the market of the week before and the week before that, for the same unexplainable reason the current market action indicates a turn for the better.

* * *

I use the word "unexplainable" because there is really very little in the current news to warrant any wild-eyed optimism. On the domestic front the question of taxes is still to be answered. On the war fronts of the world, particularly in the Pacific, the news is certainly nothing, if not bad.

* * *

Last week, in advising that the stock market looked lower, I held out the possibility that bad news might be the motivating factor for a new decline. Well, the news did come but the market did not go down.

* * *

Certainly the besieging of Singapore can't be called good news. Of course, there are large headlines announcing that American Marines have joined Gen. MacArthur's forces in Bataan Peninsula, a condition that to some people seems to offset the Singapore news. But to counter that there is the Jap attack on Surabaya, which, in case you don't know, is the Number One base in the Far East since the siege of Singapore. God knows I know little of military strategy, still even I know, that a heroic defense of Manila Bay is small compared to the possible loss of Singapore and Surabaya.

* * *

Yet, either the market has taken all this into account and has decided that it wasn't the bad thing it appears or something is in the wind that promises to change the picture. For the market is not acting badly.

* * *

Leaving the war alone and going back to the market, you will see that in the last few weeks prices have had three distinct movements. The first occurred during the week of Jan. 17th from which they rallied about two points. The second reaction came during the week of Jan. 24th when prices again approached their previous low points. The next one came during the last few days when prices again backed off. This time the reaction was only a point or so.

* * *

Stock movements usually come in waves of three or at most four. Usually between the third and fourth wave something comes in that either aggravates the pessimistic picture or changes it to one of optimism.

* * *

Well, the third down movement came, but instead of breaking through as last week's action indicated, they stopped and turned up again.

* * *

The whole picture, going back to the lows of December and including the lows of last month, is now a little clearer. The market has finally recognized a base at which either selling dries up or buying comes in. Whichever one is the case, the outlook now is for higher prices. Of course, the same base that I mentioned above, also represents what must be called a critical level as well, and buyers would do well to keep that in mind. For if for some reason this base is broken, stocks should be sold.

* * *

Bringing all this down to individual issues, it might be interesting to see that the rail equipments are doing as well, if not better, than almost any

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RAILROAD SECURITIES

Alleghany Corporation, in its controversy with the Stedman Committee over the terms of the ICC approved plan of reorganization for Missouri Pacific, met an apathetic public last week when it came forward with an outline for an alternative plan. Few students of railroad reorganization procedure could conceive of the Commission giving serious consideration to any such capitalization as was visualized in the Alleghany letter. In fact, it has been fairly generally held that the Missouri Pacific plan was, if anything, too liberal in the first place and that if the Commission had another chance at it the scale-down would be even more drastic.

The essence of the alternative plan is the elimination of preferred stocks and the substitution therefor of additional contingent interest bearing bonds. Fixed charges would be increased only moderately (about $500,000) but contingent interest would amount to $12,886,682, compared with $5,330,340 under the approved plan. This new contingent interest would even be $1,781,292 greater than combined contingent interest and preferred and prior preferred dividends under the Commission proposal. The reason for the proposed revision is to eliminate oppressive and discriminatory taxes which will presumably be levied on reorganized railroads if the Internal Revenue Bureau is upheld in its present interpretation of the tax laws, and no remedial legislation is forthcoming. It is claimed that the conversion of the preferred stocks into contingent interest bearing debt would save roundly $7,000,000 in taxes on the basis of 1941 earnings, and taking the worst possible interpretation of the tax laws in figuring the potential liability under the ICC plan.

In justifying the creation of the larger face amount of contingent debt, the Alleghany letter states "One objection to income bonds has centered on the necessity of taking care of the principal on maturity. Since the maturity dates provided for the income bonds even in the 'Stedman Plan' are 65 and 75 years from issuance, this is indeed a remote contingency to consider." The Commission would not likely take such a detached attitude towards the future, particularly as it has consistently expressed its intention that new capitalizations shall be so set up as to afford reasonable assurance that the new company will be able to meet its obligations when due, and provide for future capital needs.

It is further pointed out in the letter that the saving represented by the difference between a 4% interest rate on the proposed additional bonds and the 5% rate on the preferred that would be eliminated would, if earned and used for debt reduction, be sufficient to retire practically the entire principal by maturity. However, total fixed and contingent charges under the alternative plan would amount to $24,782,121 and there is certainly no evidence that the properties could realize such earnings except in boom times. Average earnings during the ten years 1931-1940 would have been little more than half the aggregate requirement, and only in 1931 would the full fixed and contingent charges have been earned. Granted that the proposed debt could have been supported by the 1941 earnings, the margin of earnings even in that boom period would have been less than $2,000,000. This would not even have made up for the deficiency in income bond interest, which presumably would be cumulative, of the preceding year much less provide funds for additional debt retirement. It is also pertinent to note that operating officers of the company have themselves ascribed 90% of the 1941 traffic gain directly to the war effort.

In support of their plan, Alleghany Corporation also cites the Chandler Act readjustment effected by Baltimore & Ohio a few years ago. It is claimed that total fixed and contingent charges of Baltimore & Ohio bear almost exactly the same ratio to gross

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Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—36⅜. low—14¾, last—35¼.

Pflugfelder, Bampton & Rust have deleted from the list of securities from which the averages are compiled Erie General 4s of 1996, and Norfolk & Southern Railroad first and refunding 5s of 1961, and have added Kansas City, Ft. Scott & Memphis refunding 4s of 1936, and Wisconsin Central Railway first general 4s of 1949.

Boston & Maine Outlook

Clark, Kohl & Eyman, 55 Liberty Street, New York City, have prepared an analysis of the outlook for the Boston & Maine Railroad in the year 1942. Copies of this analysis may be obtained from the firm upon request.

Bank and Insurance Stocks

This Week — Insurance Stocks

Preliminary insurance company reports covering 1941 operations indicate billion-dollar premium volume for both the fire and casualty companies.

Fire companies in 1940 reported aggregate premium volume of $917,000,000, a 15% gain over 1939 and the highest since the 1929 peak of $1,009,000,000. For 1941, preliminary reports of four major companies indicate total premium volume of $78,600,000, compared to $66,800,000 in 1940, an 18% gain. Individual increases range from 14% to 19%. Assuming another 15% increase for 1941, aggregate premium volume of the fire companies would total $1,054,000,000, which would top the 1929 peak.

Casualty companies in 1940 wrote $869,600,000 in net premiums, a 6% gain over 1939 and topping the 1929 high of $865,600,000. For 1941, six leading companies indicate total premium volume of $151,800,000, compared to 1940 total of $130,900,000, a gain of 16%. Individual increases range from 14% to 20% for five of the reporting companies, the other company pulling down the average with a 4% gain. Assuming a 15% increase for 1941, aggregate premium volume of casualty companies would total about $1,000,000,000, representing another new high in the history of the business.

The combined ten fire and casualty companies show an increase of $32,000,000 in premium volume for 1941. Such large expansion for a single year has a three-fold effect: (1) The expense of writing this increased business must be met, which comes out of underwriting account (surplus); (2) because of the "term" policies issued, larger unearned premium reserves must be set up, and underwriting profits on the "statutory" (earned) basis are therefore lower; (3) total assets, however, are larger because of the increase in fiduciary liabilities, mainly unearned premiums.

Stockholders, therefore, should not expect this substantial increase in premium volume to be immediately reflected in larger underwriting profits. The books at the close of 1941 reflect the payment of expenses to write this larger business, but under the law can reflect the increased premium income in underwriting account only as the premiums paid in advance are fully earned. For the coming year, however, a large part of this unearned premium expansion will become fully earned and be posted as credit to underwriting account.

Although total volume is up sharply, the impact of war has accentuated the profit differences in particular types of volume. For example, one of the major casualty companies comments that its automobile lines, after several years of profitable operation, turned unprofitable during 1941. Curtailment of production and sale of automobiles and tires will materially affect premium income in automobile insurance, comments another major company.

On the other hand, even automobile lines have had favorable factors. Bodily injury and property damage casualty volume in New York has jumped sharply, with the New York Safety Responsibility Law now in effect. Best's estimates that 60% of private passenger automobiles in New York State are now insured, and business is continuing to increase. This compares with estimated 30% coverage a year ago.

Furthermore, although 1941 loss experience will not be available for rate changes until late in 1942, the Board rates for automobile liability and property damage have been raised reasonably in unfavorable loss territories. This involved composite increases of 3.5% for private passenger cars in 34 States and 1.8% for commercial cars in 18 States. Presumably, the 1941 loss experience would justify further reasonable revisions.

Shrinkage in such classes of business as automobile liability and property damage and personal accident volume in wartime would be offset by further gains in lines such as workmen's compensation. Increased industrial employment and rise in payrolls, with continued emphasis on safety, will mean larger volume in this line and continued satisfactory underwriting, despite the trend toward higher losses created by increased exposure to industrial accidents.

Other shifts in volume include that from automobile to increased fire and ocean marine in the fire field; and from private construction to Government projects in the fidelity and surety field.

In the conversion of production from civilian to war output, these shifts in volume are inevitable and present problems for the underwriter. The need for insurance protection, however, will continue, whether it is civilian production or military output. Aggressive companies therefore will make up in defense lines what reduction they incur in civilian lines of insurance.

In making such conversion to defense business, insurance companies should not experience the sacrifices in rates that some industrial companies incur in shifting from civilian to Government business. It is highly important, especially amid the uncertainties of wartime, that nothing should disturb the ploughing back of reasonable underwriting profits, based on adequate rates, in order to keep policyholders' surplus of insurance companies at a strong level in relation to mounting underwritten risks.

Uncertainties in the stock and bond markets; low money rates; and probable reductions in corporate dividends caused by higher taxes, indicate that investment earnings will not be able to contribute their usual help to growth in surplus. Underwriting earnings, consequently, have to carry an increased burden of contributing to growth in surplus in wartime. To reduce underwriting earnings by artificial tampering with rate structures or imposing inordinately heavy taxes would therefore be a distinct disservice to both policyholders and stockholders by impairing safety and soundness.

This especially applies in view of the increase in aggregate losses, a normal development as premium volume expands in wartime. Expenses are rising, too, and although expense ratios are steady or lower in relation to the sharper upturn in premium volume, the rising expenses have an immediate effect on surplus as "term" business expands. It is to be hoped that regulatory and taxing authorities will bear these considerations in mind.

W. Lewis Now Partner

Scudder, Stevens & Clark, investment counsel, announce that Winslow Lewis, associated with the firm for the past twelve years, has been admitted as a General Partner resident in Philadelphia.

Mr. Lewis entered business with Brooke, Stokes & Company, investment bankers; and later was connected with Fisher and Company, railroad research organization, before joining Scudder, Stevens & Clark in 1929.

Allen For Victory 100%

Members and employees of Allen & Company, 30 Broad Street, New York City, have adopted, 100%, a plan for weekly salary allotments for the purchase of U. S. Defense Savings Bonds and Stamps.

NY Fin. Advertisers Elect 1942 Officers

Merrill Anderson of Merrill Anderson & Co., was elected president of the New York Financial Advertisers at the annual meeting succeeding Dudley L. Parsons of The New York Trust Company.

William T. Wilson of the American Bankers Association was named first Vice President to succeed Mr. Anderson, while Harold Whittaker takes Mr. Wilson's place as Second Vice President. William Huckel of The Chase National Bank was elected Secretary and George Kirby of the Greenpoint Savings Bank was elected Treasurer.

The board of directors for the ensuing year is composed of Mr. Parsons, the retiring President; James Rascovar of Albert Frank-Guenther Law, Inc.; Roland Palmedo of Lehman Brothers; Charles Seeman of the Brooklyn Savings Bank; George Dock, Jr., of Doremus & Co.; Joseph Bame of Commercial National Bank; Richard Meyer of The Wall Street Journal; Bradford Warner of Fortune Magazine; Harold Choate of Business Week; and William D. Murry of Hudson Advertising Agency.

The slate of new officers and directors was presented to the meeting by a nominating committee headed by James De Long of the Saturday Evening Post.

Victor Cullin of the Mississippi Valley Trust Co. of St. Louis, Mo., President of the Financial Advertisers Association, summarized the national association's wartime plans. Pres. Reed, Executive Vice-President of the association, and other out-of-town members were also present.

C. Lake & H. Hopper In Nuveen's NY Office

Charles H. Lake has become associated with John Nuveen & Co. in their New York office at 31 Nassau Street. Mr. Lake began his investment career in 1927 in the municipal bond department of the Bankers Trust Company. More recently he has been associated with Alex. Brown & Sons in New York. Harrison Hopper, who has been in the Miami office of John Nuveen & Co., has been transferred to New York.

Portfolio Readjustment

Caswell & Co., 120 South La Salle St., Chicago, Ill., have just issued a bulletin of quotations of representative unlisted securities, showing 1941 dividends paid. "It now seems," the bulletin states, "that only those industries vital to national defense and civilian essentials will be permitted to function. Securities of such companies are most favorably situated in the present war economy, especially if they have available capacities beyond normal requirements, which would permit absorption of excess tax levies.

"There is no doubt of the extreme necessity of assured income in greater measure than ever before, to meet rising living costs and increased taxes and we wish to point out that some of the most attractive income producing securities are traded in the over-the-counter markets on a national basis. A careful readjustment of investment portfolios should now be undertaken."

Copies of the bulletin containing quotations and a brief analysis of Western Grocer Company, may be obtained from Caswell & Co. upon request.

Greene, DuBosque Partner

James B. Greene has been admitted to partnership in the firm of DuBosque & Company, 72 Wall St., New York City.

George Dedrick With Blair F. Claybaugh Co.

George Dedrick has become associated with Blair F. Claybaugh Co., 72 Wall St., New York City, in their trading department. Mr. Dedrick was formerly with Amott, Baker & Co., Byrd Bros., and Kidder, Peabody & Co. In his new connection he will handle the Harrisburg wire and trade in industrial bonds and stocks.

Seaboard RR. Interesting

L. H. Rothchild & Co., 11 Wall St., New York City, specialists in rail securities, have prepared an analysis of Seaboard divisionals and leased lines, which may be had from the firm upon request.

A Little-Known Type Of Security

By Wm. J. MERICKA

A type of security that is little-known outside the Ohio market is the land trust certificate. Land trust certificates are participating interests in land which has been improved in practically every instance by income-producing property. For many years it has been the desire of investors to own income-producing buildings on, as a rule, downtown property, but the high values of single pieces of the so-called downtown properties prevented the small investor from participating in this type of investment.

In recent years a plan was evolved whereby these properties could be subdivided into participating interests, or certificates of equitable ownership in a given parcel of land. These certificates represent, as we know them, an undivided interest in such land. As a rule, the land is held by a trustee, either a trust company or an individual acts as a trustee who services these certificates of equitable ownership from the rents received from the improvements thereon. The owner of the land deeds his property to a trustee which becomes the record owner of the land. The trustee in turn leases the land back to some other person or corporation for a fixed number of years, renewable forever at a definite rental. In addition to this, the trustee makes a declaration of trust in which it declares that it owns the property as trustee subject to the lease for the benefit of the holders of land trust certificates. The trustee disburses all income received by him, less trustee's charges and taxes, to the certificate-holder at a stipulated rate of return, or to the extent earned after all charges. Frequently the trust provides for a fixed sum of money each year to be used for the retirement of these certificates at a premium or by purchase in the open market at or below the call price. Almost all of Cleveland's banks act as trustee for this type of security.

For many years this type of investment was very popular with trust accounts, either holding all of the certificates or a portion of them. Land trust certificates had been issued on properties in Omaha, Boston, Detroit, Chicago, St. Louis, Indianapolis, Minneapolis, and Portland, Ore., plus a few other cities outside of the State of Ohio. But this type of security is primarily that of Ohio origination. Land trust certificates have been issued on properties in almost every large city within the State of Ohio.

As an evidence of the popularity of this type of security one has only to look to the year of 1926 when but 51 issues of this type were generally quoted in the "Over-the-counter markets." Today there are as many as 150 certificates traded in the "over-the-counter market." The fact that there are more land trust certificates quoted today than there were in 1926 does not necessarily mean that there are more certificates outstanding today than there were in 1926, but rather that through the distribution of trusts which owned these certificates in their entirety more are in the hands of the general public today than heretofore. Many of these trusts have been distributed or are in the process of distribution and a market had to be found for them. The broad expansion of the trading of these certificates has indicated that there is a reasonably ready market for them at all times through "over-the-counter dealers." Information from many of the trustees as to earnings, leases, taxes and other pertinent facts are readily available.

Land trust certificates were issued and are outstanding on such better-known properties as the Cleveland Terminal Tower, Rockefeller Building, Cleveland Hotel, Hippodrome Building, Cleveland Athletic Club Building, Shaker Company and many others.

"JOTTINGS"

Obviously rationing is to become vastly more pervasive than the American consumer dreams of yet—even the consumer who is now laying in 100 pounds of sugar and six suits of clothes and thereby bringing the day of rationing so much the nearer.

To cite some instances.

The textile industry can't turn out more than its present 1,000,000,000 yards a month. But the armed services which were taking 300,000,000 a month last fall are to be doubled and tripled, while payrolls (which provide the largest civilian demand for textiles) are running $1,000,000,000 a month over last year.

On the lower or coarser end of the textile business the Army is already taking all the duck and all the osnaburgs; on the upper end there isn't enough long-staple cotton.

The woolen industry turned out 1,000,000,000 pounds of goods last year—two thirds for civilians. But this year the services will be taking more nearly 700,000,000 than 350,000,000 pounds. The woolen people can turn out goods of re-processed or re-used wool, but not the worsted people.

The sugar situation might be called the worst-handled mess in American economic history—but the OPM, OPA, AAA, and Defense Supplies Corporation people busy on it down yonder in Washington probably say, "It's all right for those columnists to sit back and criticize but they ought to try to wrestle with this problem themselves for a while."

Latest confusion in sugar is the Price Control Act, which for no valid reason on earth includes sugar. It shouldn't include it because sugar is largely a plantation and industrial product which has gone through a technological revolution since the days of the parity base—1909-1914. In order to help a few beet and domestic cane growers, the U. S. must pay an unnecessarily high price for molasses to go into alcohol for smokeless powder and also for sugar to go from Cuba to Britain and Russia.

But worst of all, the effect of the Price Control Act on sugar is a positive menace to sugar supplies "north of Hatteras." Because the present price, 3.74 cents for raws, is right at the 110% of parity, but the parity base is due to rise as farmers' officially estimated costs rise. And whether it does or not, Cuban and Puerto Rican growers **think** it will. So they have ample incentive to hold back their supplies for the better price.

This may be a good part of the explanation for Mr. Henderson's horrific figures, which obviously exaggerated the possible shortage. (He minimized Hawaii's war capacity, perhaps exaggerated the need for molasses for smokeless powder, and used a simply staggering figure, 950,000 tons, for estimated shipments to Russia.) But he may have wanted to prepare certain areas of the country, including particularly "north of Hatteras" for an approaching shortage which, in fact, is solely due to laws, bureaus, blocs, and other Washington phenomena, not to physical difficulties at all.

Anent the molasses to go into alcohol to go into smokeless powder, the saying is that "it takes a half a ton of sugar to fire a 16-inch gun once."

Even without the molasses, there could be plenty of alcohol, from corn and wheat, but the bottleneck is in the industrial alcohol distilling industry. The gin and whisky people will distill only industrial alcohol, but it isn't enough, and in addition some of them can distill only to 140 proof.

But while the Price Control Act upsets the sugar outlook by threatening to put the price too high, it endangers the fats and oils outlook by threatening to hold it too low. Among the cockeyed aspects of the parity-priced concept is the fact that the base period 1909-1914 was one with a corn-hog ratio unfavorable to hog-growing — which means to lard. But lard is the great white hope of relieving, by indirection, the impending fats and oils shortage.

But to resume the story of impending shortages. Then there are the mechanical and electrical goods. The radio manufacturing industry, which normally turns out less than $200,000,000 a year, is to try at over $1,000,000,000 of Government needs, so there won't be much room for civilian radios. Even the bicycle people may not be able to turn out even 1,000,000 bikes this year, against around 1,800,000 last year, the best since the 'nineties.

Not only are petroleum tankers being sunk but they are probably being diverted. Balik Papan, biggest refinery in the Far East, is blown up, and if the others have to go too, there will be an enormous drain on the Allies' tanker supply, because Australia and all the fighting forces there will have to be supplied from either California or Saudi Arabia.

Increase in aluminum-making capacity to 2,000,000,000 pounds, and in magnesium to 400,000,000 pounds or more a year, may mean that turbines in such excess-power areas as New York City, may have to be stripped down and transported.

And so on.

But it's manpower rather than material or machinery shortage that will hit civilian supplies hardest. It's almost certain that 10,000,000 men will be diverted this year. Most spectacular will be the effect on agriculture. Already cotton people are worried about the prospect of getting labor for cotton chopping, then for picking. Despite the lush price and bounties, beet sugar doesn't expand chiefly due to labor shortages and rising wages for farm hands.

Transport is another thing that may bring odd shortages in strange places—vide sugar and petroleum products. With the entire inter-coastal fleet diverted, for instance, lumber plentiful on the West Coast may be scarce in the East, as Southern pine cannot fully fill the vacuum of Douglas fir.

And then foreign requirements can endanger the supply of any or everything. South America, for instance, must get machinery, steel, radios, etc., even if U. S. consumers go without.

And bungling price control can do it by putting ceilings too low. There is considerable to be said for some of the farm prices now being pushed. Don't judge them too harshly.

Would you believe it—that tin is still going into beer cans, shaving tubes, etc.? And that an OPM official asked a Navy official if by chance he had a list of brass mines? And that another OPM official asked a Dutchman to write out what he wanted aerial bombs for? All true. . . . But you know plenty of such stories yourself. Everybody does.

Investment Trusts

Investment Company Reports

American Business Shares, Inc.—Dec. 31, 1941

As of Dec. 31, 1941, American Business Shares, Inc., had net assets of $3,761,379, equivalent to $2.44 a share on 1,541,059 shares of $1 par value capital stock then outstanding. This compares with net assets equivalent to $2.67 per share on June 30, 1941.

Dividend and interest income received during the year ended Dec. 31, last, amounted to $238,576, and net income after all expenses including taxes amounted to $181,521.

"During the market weakness that followed the declaration of war in December," Andrew J. Lord, President of the company, stated in a discussion of management policy, "all the available liquid assets of the company were invested, and it is anticipated that a policy of full investment at all times will be followed in the future. The portfolio from now on will be properly diversified in accordance with the judgment of the management, not only as to industries, but also as to common stocks, preferred stocks and bonds. In this way, the stated objectives of the company may be attained, namely: (1) Good income; (2) conservation of capital in periods of deflation, and (3) appreciation in value in advancing cycles. . . .

"The portfolio at present is rather heavily weighted in favor of common stocks. It is anticipated that the maximum investment at any time in common stocks shall be 85%, thus providing ample opportunity for capital appreciation in periods of advancing prices. On the other hand, it is expected that 45% shall represent the minimum investment in common stocks, thus providing 55% of total assets available for the purchase of bonds, etc., as a 'cushion' in periods of deflation."

Composition of the portfolio at Dec. 31, last, was as follows: Common stocks, 69%; preferred stocks, 4.30%; corporate bonds, 16.27%; U. S. Governments, 9.41%, and cash and other assets, 1.02%.

Century Shares Trust—Dec. 31, 1941

Net assets of Century Shares Trust on Dec. 31, 1941, totaled $13,755,930, equivalent to $23.76 per share, as compared with $25.13 on Dec. 31, 1940, a decline of about 5.45%.

Income from cash dividends received during the year totaled $591,618, and expenses amounted to $57,588, leaving net income of $534,030.

* * *

Republic Investors Fund, Inc.—Dec. 31, 1941

Net assets of Republic Investors Fund, Inc., available for $332,000 Collateral Secured 4½% Convertible Bonds, Series A, due Feb. 1, 1950, in addition to the common and preferred stock totaled $1,245,930 on Dec. 31, 1940.

The assets applicable to the respective securities of the company were as follows:

Asset value per share of common stock	$2.70
Asset coverage per share of preferred stock, series A and B ($10 par value per share)	57.93
Asset coverage per $1,000 collateral secured 4½% convertible bond	3,840.75

Dividends and interest received during the year totaled $95,144. Expenses amounted to $24,828, leaving a balance of $70,317 before interest and debt discount and expense. Net income available for preferred and common stock amounted to $51,845 after taxes.

William R. Bull, in the letter to security holders presented an interesting view of management policy.

"Policies essential to the conservation of capital and buying power in wartime," he said, "may be radically different from policies pursued in times of peace. They require concentration of a major part of invested funds in securities with appreciation pos-

(Continued on page 553)

Municipal News & Notes

Despite the immediate reaction of the municipal market to Secretary Morgenthau's recent Cleveland speech, it is understood that the Treasury Department has plans afoot to ask the House Ways and Means Committee in initial appearances on the omnibus tax legislation, to eliminate all Federal tax exemption features of outstanding issues of State, municipal and authority bonds. Treasury officials are quoted as saying the market disturbance following Mr. Morgenthau's flat declaration would not influence the plan to ask Congress to remove the tax exemption from outstanding as well as future municipal securities.

It appears that the Secretary of the Treasury will make an initial statement to the House Ways and Means Committee at opening of hearings on the tax bill, and this broad general statement will include the recommendation for full state and municipal bond taxation.

Following that, Treasury experts will present the arguments backing up the Morgenthau presentation.

No date has been set for opening of consideration of the major tax measure, but attaches indicated the date was not far off.

This radical departure from precedent will affect the entire bond market and in time stock quotations as well. If the suggestion of the Treasury should be adopted, all major groups of investors in high grade bonds may have to revise their portfolio policies to a greater or lesser extent.

It is far from certain that Congress will grant the wishes of the Treasury in this matter, of course. Under wartime conditions, interest on future issues of State and municipal obligations may well be made subject to the income tax. A very strong fight is certain to be made, however, on the far more radical suggestion which flies in the face of past statements of the Administration, that outstanding tax-exempt securities, bought by the present owners on the understanding that they were not subject to income tax, should be made fully taxable. Nevertheless, the market for tax-exempt obligations must discount forthwith the increased probability that they will lose their present exempt status.

Local Jurisdiction vs. Federal Domination

By Harold C. Ostertag, Chairman of the New York Legislative Committee on Interstate Co-Operation in current issue of State Government: "It has been considered somewhat axiomatic that democracy has seemed to flourish best where the government is close to the people. Aristotle spoke of the small city-state as the natural environment of democratic government. The large empires, he thought, must necessarily be monarchies of the absolute type. While the improvements in methods of communication and transportation since Aristotle's day have made possible an expansion of the area of democracies, many people still feel that democracy primarily means government responsible to the people and that responsibility, and awareness, and popular participation in government are best secured through local government—a government close to the people. President Coolidge once said:

"'If the Federal Government should go out of existence the common run of people would not detect the difference in the affairs of their daily life for a considerable length of time, but if the authority of the States was struck down, disorder approaching chaos would be upon us within twenty-four hours. No method of procedure has ever been devised by which liberty could be divorced from local government'."

States With Surplus Cash Pay Debt, Put Aside Funds For Post-War Projects

Five of the 13 states with sizeable surpluses in their treasuries this year due to increased tax collections report they will pay off old debts, while at least two of them have plans to put money in the "sock" for after-war expenditures. Many of these states already have invested in defense savings bonds.

The states which hope to pay up general fund deficits or debts with their "extra cash" are California, Kentucky, Michigan, Minnesota and North Dakota, the National Association of State Auditors, Comptrollers and Treasurers reported Monday.

Minnesota, whose increased revenues are anticipated mainly from severance taxes on iron ore, also has an executive order from Gov. Harold E. Stassen which specifies just how financial reserves for a post-war construction program are to be organized. Virginia's Legislature, now in session, will consider an executive suggestion for banking a $13,000,000 surplus.

Of the other 12 states represented in a survey made by the Association, Wyoming and Maine report they will use the increased revenues for social service and other purposes, while Kentucky, after debt payment, will rehabilitate its state penal institutions. Mississippi regards the increase merely as a "working balance."

Surpluses enjoyed by the various states range from a "slight increase" in revenue collections in Wyoming to $26,000,000 in Ohio. Indiana has a balance of more than $17,000,000; Colorado, a surplus of $761,000; while Virginia will have $13,000,000 surplus at the end of the biennium July 1. The other states reporting surpluses in the Association's study were Idaho, Nebraska, Vermont, New York, Oklahoma and South Carolina.

While giving out good news to taxpayers about state finances, governors and state fiscal officers warned that revenue collections this year may slump. Tire rationing and reduction in gasoline consumption were cited as main causes for estimates in Illinois that motor fuel tax revenue would decrease $16,500,000, and sales tax collections on automotive products, $10,000,000. In Kentucky, it is predicted that general fund revenues may drop about $2,800,000 because of tire and automobile rationing and war restrictions on whisky production.

Census Bureau Studies State and Local Finances

State and local officials throughout the country are being asked to cooperate with many of the Federal agencies in supplying information on various subjects they are especially qualified to furnish requests for information are of particular importance at this time because of the problems created by the war and for post-war planning. The results of the inquiries will prove of genuine interest to State and local public officials as well as to the Federal agencies making the inquiries.

Among the inquiries of this nature to which we refer are several being made by the Division of State and Local Government of the Bureau of the Census. That agency is giving especial attention to the compilation of finances in the field of State and local government which are required in connection with the nation's war efforts, and for the formulation of fiscal and economic policies for the war program. Preliminary reports already have been issued on **State Tax Collections: 1941** and **State and Local Government Debt 1941.** Final reports, under these titles, will release detailed figures within a few weeks.

One series of studies by that Division is to supply indispensable current information for the Special Committee of the Treasury Department on Intergovernmental Fiscal Relations. By these studies it is planned, not only to make available an over-all picture of State and local taxation and expenditures in their relation to Federal finances, but also to provide data by levels of government as to tax and other revenues, expenditures, and debt.

Questionnaires are being sent to all States, all large cities and large counties, and to a representative sample of other cities and counties and special districts, requesting financial statistics for 1941 on general property tax levies and collections, assessed valuations on which these levies were made, and also revenues from other sources, especially as grants and public-service enterprises. Instead of asking State and local fiscal officers for data on expenditures for 1941, it is planned to obtain figures for the major functional groups from the records of the Social Security Board, the Office of Education and the Public Roads Administration. The Office of Education is undertaking a special survey of its own to obtain the most recent data on school revenues and expenditures for States and local school districts.

Federal financing of the war and its impact on States and local governments makes most important the assemblying of these types of information by a central agency such as the Bureau of the Census. It is hoped that the State and local officials who receive the Bureau's questionnaires will show their appreciation of the value of the informational service by responding to the inquiries addressed to them. In accordance with the Bureau's practice, copies of the reports resulting from these inquiries will be supplied to cooperating officials.

Alexandria Reschedules Sale

The City of Alexandria is re-offering its $750,000 2½% public improvement bonds on Feb. 17. This is the issue that caused considerable comment in municipal circles around the country when the City Council rejected the bids submitted at the original offering on Jan. 26. Of course, at that time, the market had received the full impact of Secretary Morgenthau's tax proposal, but reports were circulated that from official sources in Washington the municipality was tipped to delay its financing on the theory that Congress would never tax income from municipal bonds.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

Feb. 9th

$11,000,000 Milwaukee Co., Wis.
Last June the county awarded bonds, the purchaser being the National City Bank of New York group. The Northern Trust Co. of Chicago, and associates, was second best, bidding on short-term, callable obligations

Feb. 10th

$522,000 Maryland, State of
The First National Bank, and the Harris Trust & Savings Bank, both of Chicago, jointly, obtained the last award, which took place in June, 1941. Dick & Merle-Smith of New York was the runner-up in the bidding.

Feb. 11th

$1,360,000 Erie Co., N. Y.
In Feb., 1941, the county awarded a larger issue to a syndicate headed by Halsey, Stuart & Co., Inc., of New York. Lehman Bros. of New York, and associates, entered the second highest bid.

Feb. 17th

$750,000 Alexandria, Va.
See comments in a preceding paragraph on the initial offering of these bonds.

Feb. 28th

$526,000 Monroe, La.
This city has not negotiated any bond sales recently.

Our Reporter's Report

(Continued from First Page)

of governmental management," adding, "and the final judgment made by the public will vindicate this truth."

"Bundle Bid" Wins Issues

Submitting a "package" bid of 100.02 for the bonds and 100.2789 for the preferred stock, a banking group, headed by Glore, Forgan & Co. and Kidder, Peabody & Co., acquired the Panhandle Eastern Pipe Line Company issues at auction on Monday.

Several other bids were received but these were for either the bonds or the stock separately. It marked the first time in quite a while that a bidding group had used the "basket" tender.

The $10,000,000 of first mortgage and first lien 3s moved out quickly upon public offering yesterday. Demand also was good for the 150,000 shares of 5.60% preferred stock. But although this issue was reportedly about half-sold, it was recognized in banking circles that complete placement was a working proposition that called for a bit of time.

Schenley Distillers

Changed market conditions in the interval since the Schenley Distillers Corporation went into registration on its $10,000,000 of 10-year sinking fund debentures and $17,500,000 of similar paper of 15-year maturity have held up the offering of the securities.

Report now current indicates that this particular financing may be subjected to some revision in detail before it finally reaches market.

The financing is designed to permit the corporation, among other things, to fund its outstanding bank indebtedness, which was $24,000,000 on Aug. 31, last.

United Gas Drops Plan.

Decision of the United Gas Corporation, subsidiary of Electric Power & Light Company of the Electric Bond & Share group, to abandon its projected refinancing, carried little of import for the investment banking world.

This huge undertaking, involving some $75,000,000 of new bonds, had been set up for private placement, with the company having negotiated with a group of 14 insurance companies to take the securities.

It had been hanging fire since last spring, and finally went by the board, at least for the time being, in consequence of long-standing controversy between the Securities & Exchange Commission and Electric Bond & Share Co., top holding company in the group.

The deal had been kept alive in the hope of some compromise between SEC and the parent unit.

On The Fire

There is enough new business in prospect to make the current month a fairly respectable period in point of securities marketed provided issues now in prospect materialize.

Largest by far is the program reportedly under consideration by the American Tobacco Company in connection with financing its unusual inventory expansion. This undertaking, it is indicated, could run between $80,000,000 and $100,000,000.

Next in size, of course, is the financing projected by Pennsylvania Electric Co., involving $32,500,000 of 30-year bonds and $3,400,000 of preferred stock, on which bids are to be opened Feb. 17, next.

Iowa Southern Utilities had planned the issuance either late this week or early next week, of $10,000,000 of first mortgage 3½s, due in 1971, and $5,160,000 of 4¼% debentures. But in a last minute revision the company decided to limit the offering at this time to $5,000,000 of 25-year 4½% debentures.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

James Otis Post, Jr., general partner in Arrowsmith, Post & Welch, New York City, became a limited partner effective Feb. 1.

Walker Harden retired from partnership in Baker, Weeks & Harden, New York City on Jan. 31.

Eliot K. Bartholomew and J. Albert Winne withdrew from partnership in H. C. Wainwright & Co., Boston, Mass. on Feb. 1. Messrs. Bartholomew and Winne had maintained headquarters in the firm's New York office.

Amelia I. Viner retired from partnership in Edward A. Viner & Co., New York City, as of Feb. 2.

Otto Fuerst & Co., New York City, dissolved as of Jan. 31.

Pierpont Davis, limited partner in Fellowes Davis & Co., New York City, died on Jan. 25.

George W. Liebman, limited partner in Shaskan & Co., New York City, died on Jan. 24.

Eugene Newman, partner in Hardy & Co., New York City, died on Jan. 27.

Interested In Sugar?

An analysis of the Amalgamated Sugar Company prepared by Edward L. Burton & Company, 160 South Main Street, Salt Lake City, Utah, has just come off the press. Burton Company will send copies of this analysis or an analysis of the Utah-Idaho Sugar Company upon request.

Investment Trusts

(Continued from page 551)

sibilities and a willingness to shift at times into large cash holdings. More than ever, they require vision in selection, supervision in daily management and revision in the light of constantly changing conditions. They require initiative and the determination to make changes in holdings as often and as extensively as advisable without any consideration other than the merits of the individual item to be bought or sold in relation to the invested position desired.

"The company's investment policy will be directed toward that end. It will probably require more frequent and possibly more extensive portfolio changes than in the past; it may require holding cash from time to time with loss of income in the meantime and it may result in turning unrealized depreciation into realized losses. **But, it is a realistic policy designed to preserve and enhance the assets—the basis of earning power.**

"In the last quarter (October) of the year, your management deemed it advisable, as in the same 1940 quarter, to increase cash as a precaution against lower security prices although some large year-end dividends had to be foregone to accomplish the purpose. Obviously the attack on Pearl Harbor was not foreseen, but whether that or other reasons caused the October-December decline, the decision to increase cash was more than vindicated. A part of the cash accumulated has been reinvested to increase holdings of items shown at the year-end.

"It is generally agreed that the most satisfactory period for comparing investment management results is one which begins and ends at approximately the same stock market level. In June, 1940, the Dow-Jones Industrial Average—a much used yardstick—made a low of 111.84. At each time that this average has returned to that approximate level, the asset value of the company's common stock has been higher. On Jan. 16, 1942, the Dow-Jones Industrial Average was 111.25, just under the June 10, 1940, level. Over the same period, although the distributions made exceeded the rate paid by the stocks which make up the average, the asset value of the common stock of the company increased 17%."

* * *

Scudder, Stevens & Clark Fund, Inc.—Dec. 31, 1941

Scudder, Stevens & Clark Fund, Inc., in its 14th annual report to stockholders shows earnings from interest and dividends, after all expenses, of $3.12 per share in 1941, compared with $2.90 per share in 1940. Net asset value per share at the close of the year was $73.85, compared with $80.98 at the end of 1940.

The number of shares outstanding has increased in every year since the fund was organized in 1928, and this growth continued during 1941, with shares outstanding rising from 149,097 to 159,428 in the 12 months' period. Net assets totaled $11,773,035 on Dec. 31, and on that date the portfolio comprised approximately 13% of cash and short-term issues, 47% of preferred stocks and bonds with longer maturities, and 40% of common stocks.

* * *

Union Trusteed Funds, Inc.

Union Trusteed Funds, Inc., in its first annual report to cover a full year's operations, showed during the year a four-fold increase in net assets, to $952,942 at Dec. 31, 1941. Net asset value per share of the seven series of capital stock outstanding at the year-end was: Union Bond Fund "A" $20.04, Union Bond Fund "B" $14.72, Union Bond Fund "C" $4.69, Union Preferred Stock Fund $11.47, Union Common Stock Fund "A" $8.83, Union Common Stock Fund "B" $5, and Union Special Fund $50.

"For the full year, 1941," said Andrew J. Lord, President of Union Trusteed Funds, Inc., "the actual operating expenses before taxes amounted to 76/100th of 1% of average daily assets on an annual basis. At inception a policy of full investment in each class of shares was announced.

"Union Trusteed Funds, Inc., was the first investment trust to be offered after the passage of the Investment Company Act of 1940. The investment trust industry has gone through a period of trial and error, and in our opinion is now fast approaching maturity. Investment trusts are proving to be an increasingly important factor in American finance. They achieve their real destiny as organizations are built and tested to the point where they do a thoroughly creditable job of supervision and management. We believe that our company is making a worthwhile contribution to the development of the investment trust industry in this country."

* * *

With the "Goodness me, what will I do now" type of investment talk filling the brain, it is refreshing to come upon the salty, down-to-earth investment philosophy of the trustees of the George Putnam Fund.

"The important thing," they point out in a new leaflet for investment guidance, "is to concentrate our thoughts not on the difficulties but on ways and means of meeting these conditions over which we have little. if any, control."

As their contribution to "sane thinking," the Trustees of the Putnam Fund offer the investor the following considerations:

1. Follow A Program—no two authorities could agree on the *best* program, but some kind of a thoughtout plan is preferable to the familiar "hit or miss" method.

2. Think More in Terms of Income—under present conditions market quotations are apt to be meaningless; gear your program down to continued low money rates.

3. Don't Discard Conservative Practices—the careful investor recognizes changes, but to abandon all conservative securities to secure a temporary advantage resulting from war or taxation policy is short-sighted and dangerous.

4. Maintain Broad Diversification—a program that recognizes the uncertainties and takes a middle-of-the-road position rather than one that tries to be too smart and concentrates too heavily on any one particular line of thought.

5. Emphasize Companies with Alert Management and Strong Finances—able management and strong finances are the best assurance that a company will be able to carry on during the present period and meet the adjustment to peace-time conditions.

6. Be Prepared for the Unexpected—the investor must be prepared in his own mind and in his financial program for the unexpected shocks and unpredictable events that occur with such frequency; some "anchor to windward" should be provided as an integral part of every program.

"Petroleum On Parade"

An attractive booklet entitled "Petroleum on Parade — The March of Civilization" has been compiled by Tellier & Company, 42 Broadway, New York City, members of the Eastern Oil Royalty Dealers Association. The booklet, attractively illustrated, discusses the place of oil in the world of today, shows interesting diagrams of oil wells, gives tables of crude oil production and describes what oil royalties are.

Copies may be obtained from Tellier & Company on request.

Investors In War Time

An attractive pamphlet entitled "The Investor in War Time" has just been issued by W. L. Morgan & Co., Packard Building, Philadelphia, Pa. The pamphlet discusses briefly the question of investments in war time, investors' objectives, the problem of inflation, what to buy and when to buy it. Copies of this interesting publication may be had from W. L. Morgan & Co. upon request.

NY Security Analysts To Hear Robt. Henry

The February Luncheon Meeting of the New York Society of Security Analysts, Inc., will be addressed by Robert S. Henry. For the past 20 years Mr. Henry has been in the railroad service, until 1934 with the Nashville, Chattanooga & St. Louis Railway, and since then as assistant to the president of the Association of American Railroads, Washington, D. C. He is the author of numerous studies on transportation.

His subject will be "Railroads' Contribution to the War Effort in 1942" and he will also endeavor to portray railroad prospects during the post-war period.

The Meeting will be held on Feb. 10th at 12:30 p.m. at Block Hall, 23 South William Street, New York City. Cover $1.30 per person including tip—reservations may be made through Miss Lennon of the office of Shelby Cullom Davis—Bowling Green 9-3789. Members may bring guests.

Weissman To Speak On Inv. Problems In Wartime

Rudolph L. Weissman, of Heartt & Weissman, New York City, will speak at the New School for Social Research on Tuesday, Feb. 10, on "Investment Problems in War Time." Mr. Weissman is Chairman with A. Wilfred May of a weekly symposium on finance in war time.

THE BOND SELECTOR

OTIS STEEL COMPANY
First 4½s, 1962

Better Than Average Operating Record Focuses Attention On The Bonds

Otis Steel Company First Mortgage 4½s, due 1962, have run up from a low of 74 in 1941 to their present price of 86¾ primarily on the strength of the general knowledge that the company is operating at capacity in order to serve the arms program. Listed on the Stock Exchange, the bonds yield approximately 5.60% to their due date.

Normally catering principally to the automobile manufacturers, Otis is chiefly a maker of sheets, plates and hot and cold rolled strip. An affiliate, Midland Steel Products Company, a manufacturer of parts for motor vehicles, is the main single customer, accounting usually for about one-quarter of total output. Other peacetime outlets include manufacturers of refrigerators, washing machines, electrical equipment, machinery and agricultural implements. The company's operations are concentrated in Cleveland at two plants, known as the Riverside Works and the Lakeside Works. Aggregate rated annual capacity of the two plants is 927,360 net tons of ingots and 694,400 net tons of hot rolled finished steel. Otis is licensed to use American Rolling Mill's continuous rolling process for the manufacture of steel sheet and strip. Cleveland-Cliffs Iron Company has a large stock interest in Otis.

Although fixed charges were not earned in 1931, 1932, and 1933, nor in 1938, the operating record of the company has been better on the whole than for the steel industry in general. For the ten-year period through 1940, fixed charges were earned on the average of 1.20 times, these years covering the worst years of the depression period, and including the four years previously referred to when deficits were reported before charges. Reflecting the growing demand for automobiles since 1938, and more recently the enormous demand for steel of every description for arms, the company's record has shown substantial improvement. The following tabulation shows the operating record since 1936, and includes the first nine months of 1941:

[000 omitted]

	Net Sales	Oper. Profit	Deprec.	Avail. for Fixed Chgs.	Fixed Charges	Times Earned
1941*	N.R.	$4,327	$828	$3,499	$476	7.35
1940	$29,073	2.664	1,093	1,542	651	2.36
1939	24.500	1,996	1,102	902	664	1.36
1938	13,718	578	1,081	583d	672	---
1937	31.989	4,678	1,042	3.574	779	4.72
1936	28.876	4,482	1,018	3,500	715	4.89

*Nine months ended Sept. 30, 1941. N.R., Not reported. d Deficit.

In January, 1937, Otis refunded the then outstanding 6% first mortgage bonds with the present 4½s. The 6s then totaled $10,827,000 and the 4½s were issued in the amount of $15,000.000 at 98, the company realizing $14,155.000, the difference between this amount and the amount required to call the 6s at 101½ going toward working capital. Despite the fact that the outstanding 4½s were some $4,000,000 greater than the old 6s. the interest saving was considerable.

Of the original $15,000,000 issued, $1.241.000 have been retired by sinking fund, leaving $13,417.000 outstanding at Dec. 31, 1940, together with $342,000 in the treasury. The sinking fund provides for retirement of 62.5% of the entire issue by December, 1960, two years before the due date of the bonds. In 1941, $335.000 were to be retired, in 1942 $344,000, and correspondingly larger amounts each year thereafter until the end of 1960. Through July 15, 1944, the bonds are callable at 104. Additional bonds may be issued—up to a total of $25 000 000, inclusive of the outstanding and retired bonds—but at not more than 66⅔% of additions or improvements.

At the end of 1940, net working capital amounted to $10,314,000, or more than 75% of the face value of bonds outstanding. Cash stood at $4 093.000, well in excess of current liabilities of $2.281,000. Notes and accounts receivable were $2 534,000 and inventories $6,508.000.

When the report for 1941 comes out. it will undoubtedly reveal the best operating record in the company's history before taxes. Taxes will hold net income after charges down below the best years, but earnings available for charges will probably exceed those reported in 1929. On Jan. 15, the President stated that the company broke four production records in 1941. Operating at nearly 19% in excess of rated capacity, Otis turned out 1,028.266 tons of steel ingots in 1941. Its rated capacity was 927,360. The company's 77-inch continuous hot mill broke previous records by 93,941 tons. Pig iron production also reached a new high, exceeding the previous peak by 5.9%. A 1929 record of 80,000 tons of steel plate at its Lakeside plate mill was exceeded during 1941 by 24,000 tons.

At current levels below 90, the bonds appear to be an attractive income producing medium with moderate prospects for price appreciation so long as the war lasts.

Tri-Boro & Port Of NY Revenues Analyzed

H. L. Schwamm & Co., 60 Broad St., New York City, have prepared a revenue analysis of Triborough Bridge Authority and Port of New York Authority bonds. The analysis, based on official revenue estimates for the years 1942 through 1958, shows the estimated percentage of revenue loss which the Authorities may absorb and still meet debt service requirements. It also shows the estimated percent of revenue loss which may be absorbed based on 1941 actual experience for the years 1942 to 1946, inclusive.

The analysis points out that passenger traffic was responsible for 95.5% and truck traffic for 4.5% of the income for the Triborough Bridge Authority during 1941. For the Port of New York Authority, passenger traffic accounted for 63.4% of the 1941 income; bus, truck, motorcycle traffic for 27.9%; rentals for 7.3%, and other income for 1.4%.

Copies may be had from H. L. Schwamm & Co. upon request.

The Securities Salesman's Corner

A FEW REMARKS ON THE STATE OF BUSINESS

There is business waiting for someone to come and get it. Regardless of how trying times and conditions in any line of endeavor may be, there is always a certain amount of business that can be done. It goes to those who go after it. You can also be certain that those who do not go after business will find that it will not come to them.

There are a number of men engaged in the securities business who feel that under today's conditions, they have about the hardest sales job in the world. It is almost a certainty that those who feel this way quite naturally do have the "hardest job in the world." This kind of thinking alone would bring about such a difficult state of affairs.

The point we are trying to make is this—if you want to do business, the first thing you have to do is to believe that there is business available. Then you must put your thinking cap on and start after it. "Creative imagination" is one of the most valuable assets that any salesman can use either in prosperous or difficult times. When things are on the upgrade, and the public is in a buying mood "good ideas" will help to increase sales—when confidence is low and investors are loathe to take ordinary investment risks, such ideas are priceless.

What else does a securities salesman have to offer his clients if not "ideas." It's true that he also sells service—but for that matter everyone in the securities business likewise sells service. Unless he does something to pull himself up and over the rest of the crowd, he remains just an "also ran." Probably no other business offers greater opportunities for creative selling as does the securities business. There will always be business for the man who can find a new approach or develop a new slant or dress up an old idea in a new suit of clothes.

Today, many trained salesmen in other lines are finding themselves without a job due to the complete lack of a product which they can sell. The securities salesman does not have this problem. His supply of merchandise is almost inexhaustible. Yields from zero to as high as 12, 15 and 18% are available. Speculations are abundant. Public utility stocks are under a cloud one day—rails the next. Orders from Washington place a stock in the doubtful class this week and next week a war contract changes it from a pauper to a prince. Opportunities to help clients were never so numerous. Weak situations can be brought to the attention of those who hold them—stronger ones can be changed in their stead Cash can be converted into securities that have good prospects at least for several years ahead and that also offers a hedge against the declining purchasing power of the dollar. Speculations can be placed before those who are able to assume the greater risk for the greater possibility of profit. Profits and income are necessary—they can also be used to pay higher taxes (there is even a thought here for a sales campaign based upon "why it's patriotic to try and make money)." Far-fetched—no! People want you to sing them a song but they like to hear a new tune—now and then. The big fellows in the advertising business know the secret of this kind of merchandising. That's the sort of thing we've got to do in the securities business if we ever expect to get the public back again into the investment markets.

In conclusion, our message for this week can be summed up very simply by just saying—if you want business—first believe that it's out there—then go ahead and get yourself an idea plus a new approach and start to work.

P. S.—Whatever else you do, stay away from other salesmen who have nothing better to do than to waste your time telling you "how tough times are!"

After-Market Offerings 5% Of 1941 Shares Traded

Distribution of blocks of securities continues to play an important part in the financial markets of the country due to the inability of Exchanges, in the case of some issues, to take up substantial blocks of securities as quickly as desired by the sellers, according to a review of secondary market distributions in 1941, published in booklet form and released by Shields & Co., 44 Wall St., New York City, members of the New York Stock Exchange. The review serves as a guide to secondary distributions in that it records all such offerings during the year, regardless of firm identities.

The review gives 8,408,825 shares as the total distributed in after-market operations last year, which was less than 5% of the total shares traded on the New York Stock Exchange. This is believed to be the first record of total offerings of this kind for 1941.

With regard to the practice, the firm says:

"That this is a condition which has grown more acute in recent years can be seen in a comparison of the volume of listed stocks traded on the New York Stock Exchange in 1937 and last year. In the former year volume reached a level of 400 million shares. By 1940 it had declined to 207 million shares and last year registered another drop which brought it to 171 million shares.

"From November, 1940, to May, 1941, inclusive, a considerable portion of the equities distributed in this manner were of British origin. This source virtually came to an end during the summer of last year, however, so that almost without exception the issues distributed during the last six months of 1941 originated from domestic sources.

"There is a further element to be considered. however, in the popularity which has characterized this type of distribution. With the Nation at war, there is reason to expect a modification in the capital gains tax as it existed last year. This expectation has led investors to liquidate large blocks of securities in order to establish losses or gains."

Copies of the booklet, which has been prepared in attractive binder form, may be had upon request from Shields & Co.

Win Defense Stamps

Do you want to win defense stamps? Traction Securities, Inc., 105 South La Salle Street, Chicago, Ill., will award a first prize of $25, second prize of $10, and third prize of $5. in U. S. Defense Stamps for the best letters of five hundred words or less telling why Chicago Traction Securities are good purchases at present prices—see their notice elsewhere in this issue.

State Stock Transfer Bills' Support Urged

Support for the Coudert-Mitchell bills designed to reduce New York State Stock Transfer Taxes is urged by the New York Board of Trade. In a memorandum sent to Senator Coudert, requesting that the organization be allowed to work with him in support of his bill, Marshall W. Pask, Chairman of the Trade Board's Securities, Commodities & Banking Section, points out that the approximate receipts by the State from the transfer tax have declined 30% in four years, thus proving that this industry is "drying up." In 1938, Mr. Pask says, the receipts totaled $19,800,000 and have since spiralled downward to $17,800,000 in 1939, $15,300,000 in 1940 and $13,868,000 last year. He further points out that this is one industry that is paying more tax to the State than it is to the Federal government, citing the following payments to the Federal government for the corresponding years: 1938—$17,400,000; 1939—$15,600,000; 1940—$12.900,000, while figures for 1941 are not yet available.

Mr. Pask's letter goes on to say that the high stock transfer taxes are seriously affecting New York City real estate and employment.

Denver Bond Club Reports Bowling League Returns

DENVER, COLO.—The Denver Bond Club reports the following scores for teams competing in the Bowling League for the first week (Jan. 28). (Name of the Captain follows that of team):

	Won	Lost	Pct.
Roystones (Leon Macart)	3	0	1.000
Preferreds (Myers)	3	0	1.000
Municipals (Norman Godbe)	2	1	.667
Odd-Lots (Jerry Ryan)	2	1	.667
Corporates (Bern Kennedy)	1	2	.333
Investment Trusts (Chan Lilley)	1	2	.333
Over-the-Counters (Lewis Nance)	0	3	.000
Dividends (Smith)	0	3	.000

High Team Series and High Team Game as of Jan. 28 was held by the Municipals; High Individual Series by Norman Godbe, and High Individual Game by Chan Lilley.

La Salle Credit Union Re-Elects Officers

CHICAGO, ILL.—At the first annual meeting of the La Salle Credit Union, composed of customers' men of stock exchange firms in Chicago, the following officers were reelected: Frank Butler, President, and A. J. Payne, Secretary, both of Wayne Hummer & Co.; John E. Cahill, Vice President, Bear, Stearns & Co., and E. A. Hemmer, Treasurer, Sincere & Co.

Three new directors were elected: William F. Moore, Merrill Lynch, Pierce, Fenner & Beane; W. W. Blood, Paine, Webber & Co., and H. R. Hitchcock, Hornblower & Weeks. The board of directors consists of nine members.

Linus Hardy Joins Staff Of Kingsbury & Alvis

NEW ORLEANS, LA.—Linus N. Hardy has become associated with Kingsbury and Alvis, Hibernia Building to represent them in New Orleans and Louisiana. For the past three years Mr. Hardy was connected with Hyams, Glas & Carothers.

Kingsbury and Alvis also announce that they have moved their office to new and larger quarters at 1230 Hibernia Building.

Heilbron In Law Firm

Seymour M. Heilbron, formerly Securities Commissioner of Pennsylvania, has been admitted to membership in the law firm of Hays, St. John, Abramson & Schulman. James R. Cherry also became a member of the firm.

SEC Applications For Broker Dealer Registry

The following applications for registration as brokers and dealers were made with the Securities and Exchange Commission on the dates indicated:

Dec. 16, 1941—(Mrs.) Lilliam Breckel, 601 East Line Street, Tyler, Texas, a sole proprietorship; Oil & Land Projects, Inc., 112 West Ninth Street, Los Angeles, Calif., Harvey Bruce Bagley Fred Howard Gaston, and Margarete Mansfield Tillery, officers.

Dec. 17, 1941 — Charles M. Weber, 5 Fairway Ave., West Orange, N. J., a sole proprietorship.

Dec. 18, 1941—Ze-Nae Royalty Corp., P. O. Box 214, Wesson, Miss., George Caldwell Koch, Raymond James McCaffrey and Zesser Nae Koch, officers.

Dec. 19, 1941—Paul L. James, 836 South Highland Street, Arlington, Va., a sole proprietorship.

Dec. 20, 1941—Fox, Reusch & Co., 913 Dixie Terminal Building, Cincinnati, Ohio, Carl H. Reusch, Edgar D. Meyer (formerly officers of the firm), Mildred V. Reusch and Ruth F. Meyer, as partners, Oscar S. Fox, previously president of the organization, having withdrawn; W. L. Sterling Company, 114 East 52nd Street, New York, N. Y., Warren Lee Sterling, sole proprietor.

Dec. 23, 1941—Paul & Co., Inc., 1420 Walnut Street, Philadelphia, Pa., Spencer Andrew Ryan and Howard Joseph Lynch, officers, in addition to Clyde L. Paul, Edward Stotesbury Lewis, Arthur Eugene Pendergast, William Leroy Canady, Earl O. Mendenhall, and John Stephen Brennan.

Dec. 26, 1941—Carlson & Co., Woodward Building, Birmingham, Ala., Robert H. Carlson, Oma S. Carlson, and Robert H. Carlson, Jr., partners, Kenneth Long, previously an officer, having withdrawn; Jackley & Co., 210 Equitable Building, Des Moines, Iowa., Winfield Clair Jackley, sole proprietor, T. M. Bowen and Perina Owen, previously officers, having withdrawn.

Dec. 29, 1941—David Martin, 514-516 Broadway, New York, N. Y., a sole proprietorship.

Dec. 30, 1941—Dillon, Read & Co., 28 Nassau St., New York, N. Y., Clarence Dillon, Charles Simonton McCain, Dean Mathey, Ralph H. Bollard, Henry H. Egly, Frederic H. Brandi, Wilbur C. DuBois, Karl H. Behr, and Charles E. Kock, partners, C. Douglas Dillon, Roland L. Taylor, William H. Draper, and Paul H. Nitze having retired from the firm.

Jan. 2, 1942—Amertrade, Inc., 25 Broad Street, New York City, Dr. Abraham Feinstein, Dr. Curtis D. Epler, Moses Schwager, and Dr. Paul Saxl, officers; William Adelbert LaPierre, 3420 Cherry Street, Kansas City, Mo., a sole proprietorship; Turner-Poindexter & Co., 639 South Spring Street, Los Angeles, Calif., Julia Ernst, Louise R. Smith, Anne Danks, and Esther Wohlgemuth special partners in addition to Stephen C. Turner, Clifford E. Poindexter, Charles B. Booth and John E. Grant, general partners.

Jan. 3, 1942—Beymer & Beymer and/or Beymer & Beymer Abstract Co., Lakin, Kans., Clyde E. Beymer and J. Elton Beymer, partners.

Jan. 6, 1942—Fiscal Research and Management Corp., 921 Bergen Avenue, Jersey City, N. J., Howard E. Norris, Joseph Furst, and Charles W. Barber, officers.

Jan. 7, 1942—Georgeson & Co., 40 Wall Street, New York City, Asa C. Huff, Jr., admitted as a general partner; White, Weld & Co., 40 Wall Street, New York City, application filed to report the adoption of a new partnership agreement.

Jan. 8, 1942—John A. Cuneo & Co., 27 Powder House Road, Medford, Mass., John Anthony Cuneo, sole proprietor; Robert Taylor Knight, 906 Union Trust Building, Pittsburgh, Pa., a sole proprietorship; Neuhaus & Co., 301-4 Union National Bank Building, Houston, Texas, Hugo V. Neuhaus, formerly President, sole proprietor, M. W. Smith and David Scull, formerly officers, having withdrawn.

Jan. 9, 1942—Arch C. McColl, Jr., 913 N. W. 36th St., Terrace, Oklahoma City, Okla., a sole proprietorship.

Jan. 10, 1942—Will S. Halle & Co., 511 Swetland Building, Cleveland, Ohio, Eugene S. Halle, formerly a partner, sole proprietor, Will S. Halle having withdrawn; Richter-Schroeder Co., 152 West Wisconsin Avenue, Milwaukee, Wis., August Richter, Jr., Harry T. Schroeder, Fannie V. Gassman, and A. V. Nortman, officers.

Jan. 12, 1942—F. M. Blount, Inc., (Not Inc.). American Nat'l Bank Building, Pensacola, Fla., Roberta Fisher Blount, formerly an officer, William Fisher Blount, Frederick Alexander Blount, and Robert Fernando Blount, partners, F. M. Blount having withdrawn as President; Farmers Security Co., 4680 Wilshire Boulevard, Los Angeles, Calif., John Cummings Tyler, Thomas Edward Leavey, and Albert B. DeNault, officers; Henry H. Lawton, 834 Union Street, Olean, N. Y., a sole proprietorship; Reynolds, Fish & Co., 120 Broadway, New York City, application filed to report the adoption of a new partnership agreement: W. L. Scott, 1025 North Topeka, Wichita, Kans., William L. Scott, sole proprietor; Stephan & Nelson, 30 Broad Street, New York City, John Stephan, sole proprietor; J. D. Van Hooser & Co., 261 West Short Street, Lexington, Ky., James D. Van Hooser, formerly President, sole proprietor, Edwin A. Long and Harry L. Russell having withdrawn as officers.

Jan. 13, 1942—Mechler & Co., 24 Commerce Street, Newark, N. J., Morton E. Mechler, Elza A. Mechler and Raymond G. Piller, officers, S. L. McNary having withdrawn.

Krietmeyer And Heller With Friedman, Brokaw

ST. LOUIS, MO.—Louis H. Krietmeyer and Irving H. Heller have become associated with Friedman, Brokaw & Samish, 711 St. Charles Street, members of the New York and St. Louis Stock Exchanges and other leading national exchanges. Mr. Krietmeyer was formerly Vice-President and Manager of the municipal department of D'Oench, Duhne & Co. Mr. Heller was with the Heller-Grossman Travel Agency.

Now Vogelaar & Co.

EVANSVILLE, IND. — Peter Vogelaar and Henry G. Roetzel have formed a partnership, Peter Vogelaar & Company, with offices in the Fendrich Building, to act as dealers in investment securities. Mr. Vogelaar was formerly an individual dealer in Evansville and Salt Lake City, Utah.

Houston Ltg. Interesting

An interesting circular discussing the current situation in the common stock of Houston Lighting and Power has been prepared for distribution by Josephthal & Co., 120 Broadway, New York City, members of the New York Stock Exchange and other Exchanges. Copies of the circular may be had from Josephthal & Co. upon request.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 549

other group on the board. But even there a disparity exists. The best performer is Lima Locomotive and at the other end the worst is Pullman. Lima has already had an advance, so buying it here does not seem very shrewd. Pullman, acting as it does, certainly doesn't look attractive. But in between there are two stocks that look like they're headed for higher prices. These are American Steel Foundries and American Car & Foundry.

* * *

I suggest buying the former at about 20, with a stop at 19; the latter at about 32, with stop at 29.

* * *

Among the other groups, the rails still act well, but their good action has been ballyhooed so much that I do not advise their purchase. The South American bonds, in my opinion, look higher.

* * *

The steels are also beginning to perk up. Incidentally if you can't watch the market as a unit, I suggest that you concentrate on U. S. Steel as the bellwether, not as a buy, but as a yardstick to the rest of the market. For the steels are slowly turning into what is called the positive group and as they go. so probably will the market.

* * *

J. H. Y., Martinsville, Va. Thanks for your letter and your wishes. I'm glad you like the column, but I can't answer specific questions about stocks not covered in previous columns. I suggest you confine your purchases of listed stocks to the ones mentioned here.

* * *

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

WHISPERINGS

A dealer we know was working late one Saturday and arranged to meet a friend of his in front of the Equitable Building, the Cedar St. side. While waiting he opened his newspaper and out of the corner of his eye, saw a panhandler approaching. As he came closer the dealer resignedly took a nickle out of his pocket and gave it to him. "Gee, t'anks mister," said the panhandler, with a surprised look on his face. "I can use it. But dat ain't what I came over for. I got me a ticket on the numbers and I t'ought you'd tell me what the stock market volume wuz today."

Joe Masek, of Charles A. Fuller Company, Minneapolis, writes, from some place in Arkansas, called Tuckerman, or something. Seems that Joe, Aline (that's Mrs. Masek, the lady who wins dance contests) and the two kids are in Tuckerman on vacation. Joe, according to the card, spends his time knocking off quail over, what he assures us, is "a couple of really well-trained pointers." He doesn't say what the kids are doing, but it's a safe bet that they are getting into everything they shouldn't. And Aline is probably giving the local shops a whirl, spending Joe's hard earned dough.

A bond salesman was called for jury duty just as he was on the verge of selling a block of bonds to a prospect he'd been chasing for weeks. He asked the Judge to excuse him. "My firm is very busy now and I'm just about to close a big deal." The Judge looked up from whatever papers Judges look up from when interrupted, and replied, "So, you're one of these men who think their firms can't get along without?" The bond salesman thought this over for a few minutes and said, "No, your Honor. I know they can get along without me. I just don't want them to find it out." . . . P. S. He was excused.

The society columns, which we seldom read, not that we don't like them, but we never know anybody who makes them, carried an item recently to which our attention was called. The item said that Mr. and Mrs. Joseph Wolfe, of Purchase, N. Y., announced the engagement of their daughter, Miss Eleanor Wolfe, to Leonard Morey, son of Mr. and Mrs. Sigmund Morey, of Elmsford, N. Y. The story then went on to say that Miss Wolfe graduated from Fieldston School in 1937, and graduated cum laude from Smith College last June. Mr. Morey, not to be outdone by his fiancee's academic accomplishments, attended Peddie School, and is now the Executive Vice-President of the Morey Machinery Company of Astoria, L. I. . . . The whole thing gave us quite a start. We suddenly realized that old age was slowly creeping up on us. For the Mr. Joseph Wolfe, of Purchase, N. Y., and the father of Eleanor, is none other than Joe Wolfe, partner in Elliot & Wolfe. And we never dreamed he had a daughter old enough to even think of getting married . . . Tempus Fugis.

We just ran across a story which we suspect our informant got third or maybe fourth hand, but as we have no way of checking it we merely repeat it. Two lawyers, one representing an estate and the other a corporation, were engaged in transferring some securities. What with the N. Y. transfer tax and everything it was decided that the actual transaction should take place in New Jersey. So the two lawyers hired a taxi and when they got to Jersey City asked the driver to pull over. "I, representing (such and such an estate), do hereby sell to you such and such securities," said lawyer number one. "I, representing (naming the corporation), do hereby purchase said securities." During these formalities the cab driver looked at them blankly. Finally one of the attorneys, a little shame-faced, said to the driver, "All this must seem pretty silly to you." "Nah," replied the hackie, "I know how it is when a guy takes a couple of drinks."

Railroad Securities

(Continued from page 549)

of that road as do the new proposed fixed and contingent charges to Missouri Pacific's gross. The proportion of contingent requirements would be larger in the latter case, however. The fallacy of this reasoning is that hardly any one would be so naive as to consider the Baltimore & Ohio reorganization conservative or as a permanent answer to the company's financial difficulties. It is notable that Baltimore & Ohio's 1st mortgage bonds still sell in the lower 60s. Another weakness found in the Alleghany proposal is that instead of meeting senior claims partly in a new fixed interest, 1st mortgage, and partly in income bonds, holders of the old 1st & refunding bonds would receive $1,000 face value of a single new bond with a split coupon. The bond, therefore, would be neither fish nor fowl, certainly not a conservative investment nor an institutional bond, and still a cut above the general run of income bond which attracts wide speculative interest.

The plan seems to have one advantage and that is that payment of the contingent interest would presumably be mandatory if earned. Thus, the right of the old bondholders to participate in full in earnings, when earnings are there, would be in no wise impaired, nor subjected to the whims of the Board of Directors. This point may carry considerable weight as it has been found in some past reorganizations that even where new stocks represent the claims of old bondholders there is a disinclination on the part of directors to act speedily on dividends. Many old bondholders consider it as their inalienable right to collect their income when there are sufficient earnings available, and if this income is not made available through dividend distributions there is apt to be a rising clamor for larger income bond issues where income payments will be mandatory. It is to be hoped that this trend may be avoided.

Cecil Condit Now With Webber, Darch & Co.

CHICAGO, ILL.—Cecil O. Condit has become affiliated with Webber, Darch & Co., 208 South La Salle Street. Mr. Condit, a specialist in Chicago traction securities for almost twenty years, will continue to handle tractions. He was formerly with Paine, Webber & Co., Paul H. Davis & Co., McGraw & Co., Farwell, Chapman & Co., and in the past was an officer of J. A. Francoeur & Co.

UP-TOWN AFTER 3

PLAYS

the worst thing that could have been said of Ben Hecht's **Lilly of the Valley** was that its message was difficult to understand. Still, the current season hasn't been enriched by so many important plays that anything by Ben Hecht could have been as bad as the dramatic critics said **Lilly of the Valley** was. Not being an adept at stagecraft or playwriting I found it completely absorbing. If I couldn't understand the fantasy I blame this on myself, not on the playwright. For the lines were powerful, the performance excellent and direction competent. It told of the lives of a half dozen assorted corpses who came to life in a city morgue and relived their little struggles. It was the story of the little people who get kicked around and finally end up as "unidentified" on the slabs of city morgues.

MOVIES

The shades of the Chicago of Al Capone are reenacted in **Roxie Hart** (20th Century-Fox), with side-tickling results. Ginger Rogers as the publicity-hungry wife of a meek, but righteous husband takes the rap for a murder she didn't do in order that reams of newspaper and magazine space be devoted to her. The courtroom scene is hilarious. Her attorney, Adolph Menjou, arranges for pictures, radio broadcasting, sob sisters, and all the rest of the build up that results in no Chicago jury ever finding a pretty girl guilty. . . . Warner Bros. has come out with another long picture (it seems if longer pictures are made, Warner will make them), this one is called **Captains of the Clouds.** It's all in technicolor, full of gorgeous scenes of the Canadian back country, flying schools, air fields, not to mention Brenda Marshall who is photogenic indeed. It all begins when a group of bush pilots (Dennis Morgan, Alan Hale, George Tobias, Reginald Gardiner) are hi-jacked out of their jobs by the tough, red-headed, two-fisted ladies' man, Jimmy Cagney. Of course they all meet and eventually make up. But a love affair in which Cagney steals the lovely Miss Marshall away from Morgan busts the thing wide open again and the spurned suitor joins the CRAF. Eventually, the whole group join up. Some manage to stay in and the others are busted. The final scene, when the group, ferrying bombers over the Atlantic, run into a Nazi plane, is a hair raising thriller. . . . Already the MGM drum thumpers are beginning to sound off on the merits of **Woman of the Year,** slated to be shown sometime this month. If it isn't another **Philadelphia Story** it is almost as amusing. The lady in the case, a combination of Dorothy Thompson, Claire Booth and Doris Duke, is Katherine Hepburn. On night while on Information Please, she sounds off on the silliness of our national pastime, baseball, which is heard by Spencer Tracy, who is the ace sports columnist. He sails into her (via the typewriter, naturally, for he is a gentleman). She fights back. They meet. They like each other. They get married. But life isn't one of those idyllic things. She has her work and he has his, so they separate. However, she recalls the sacredness of the nuptial vows, so full of remorse she finds him and they start over again.

TABLES 'N' BARS

Backed by such socialites as Mr. and Mrs. John R. McLean, Mr. and Mrs. J. A. McVicker, the Henry Toppings, Jr., Spencer Eddy, Curt Reisinger, John A. Vietor, and others of equal fame, David Cowles, who used to be part and parcel of the Wall Street that used to be, opened a small restaurant at 244 E. 51st St., which he named the **Penguin Club.** It's a small, but cozy spot that was once somebody's private residence. It's full of fireplaces where patrons are, if they see fit, permitted to broil their steaks. Though I suspect that if anybody tried they'd get their arms broken. It's a downstairs kind of a place, beautifully decorated, and the night I visited it I found it full of the Wall Street old guard. If you want to hide away, it has a small room called the library. If you want to look down, you can climb the balcony. If you want to be seen as well as see, you can be on the main floor. Still, in spite of the balconies and little hideaways the place is small, and it would be better if you phoned ahead and made reservations. The cooking is excellent and all breads and pastries are made (so Dave Cowles assured me) right on the premises. . . . If you like a night club with a show that is a show, better drop in at the **Martinique** (57 W. 57th). Produced, designed and directed by the Music Hall's Nat Karson, it has about everything. The girls in the line are actually all beautiful, but besides that they can also dance. The comedy is taken care of by Romo Vincent, the rotund Lone Ranger, the bellicose cop or the fire-fighting Mayor La Guardia. He does each well. Mata and Hari in their satirical dances are as funny as ever. The singing chores are capably handled by Rosita Rios, the Latin singer, who depends on her voice rather than on her hips for applause. Music is by Val Olman and the rhumbas by H. Curbelo. Even the finale of the show is different. The girls come out into the audience and sell Defense Stamps. This will not only permit you to be patriotic, but you may even snare a phone number or two.

Rail Study Interesting

The latest issue of the Railroad Bond Letter issued by Leroy H. Strasburger & Co., 1 Wall Street, New York City, includes a special study on Lehigh Valley Terminal first 5s of 1941. Copies of the Letter, which should be of great interest, are available upon request from Leroy A. Strasburger & Co.

Johnson 100% For Defense

R. H. Johnson & Co., 364 Wall Street, New York City, announce that employees of the firm have subscribed 100% to a payroll allotment plan for the purchase of United States Defense Bonds and Stamps. The firm has 126 employees in 9 offices.

Calendar of New Security Flotations

OFFERINGS

CHESAPEAKE CORPORATION OF VIRGINIA

Chesapeake Corporation of Virginia registered with the SEC an unstated number of shares of common stock, $5 par value. Company estimates that the number of shares to be involved is 135,000 shares

Address—West Point, Va.

Business—Company is engaged in the manufacture and sale of sulphate pulp, Fourdrinier kraft board and kraft specialties

Underwriting — Principal underwriters named are: Scott & Stringfellow, Richmond, Va., and Blyth & Co., Inc., New York. Names of other underwriters will be supplied by amendment to the registration statement

Offering—The shares of common stock to be offered under this registration statement are already issued and outstanding, and are to be offered to the public for the account of certain selling stockholders. Public offering price will be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4895. Form A2. (11-24-41)

Chesapeake Corp. of Virginia filed an amendment with SEC to its registration statement, disclosing that 104,813 shares of its outstanding common stock, $5 par, would be offered to the public at $12.50 per share. Proceeds will be received by certain selling stockholders. Underwriters, and number of shares underwritten by each, are as follows: Scott & Stringfellow, 25,157; Merrill Lynch, Pierce, Fenner & Beane, 20,156; A. B. Becker & Co., 15,000; Green, Ellis & Anderson, 11,500; R. S. Dickson & Co., 8,000; Alex. Brown & Sons, 7,500; W. W. Lanahan & Co., 7,500; Investment Corp. of Norfolk, 5,000; Merrill Lynch & Co. (Newark), 5,000.

Offered Feb. 4, 1942 at $12.50 per share by Scott & Stringfellow and Merrill Lynch, Pierce, Fenner & Beane

PANHANDLE EASTERN PIPE LINE CO.

Panhandle Eastern Pipe Line Co. filed registration statement with SEC for $10,000,000 first mortgage and first lien series "C" 3% bonds, due Jan. 1, 1962, and 150,000 shares cumulative preferred stock, $100 par value. Dividend rate on the preferred stock will be supplied by amendment

Address—1221 Baltimore Ave., Kansas City, Mo.

Business—Engaged in the production, purchase, transmission and sale of natural gas, major part of which is sold to gas transmission and gas distribution companies for resale

Underwriting and Offering — Approximately 14,000 shares of the preferred stock will be offered for subscription to holders of 63,566 shares of its outstanding common stock who have not waived their preemptive rights to subscribe for the new preferred stock, at the rate of one share of the preferred for each 5¼ shares of common stock; the subscription price will be supplied by amendment. The remaining shares of preferred stock not required for such exchange offer, together with all of the bonds, will be sold by company under competitive bidding, pursuant to Rule U-50 of the SEC's Public Utility Holding Company Act of 1935. Names of underwriters and the public offering prices, will be supplied by amendment

Proceeds will be applied to the redemption of all the company's outstanding class A preferred stock; to the purchase from Columbia Gas & Electric Corp. of all the outstanding securities (stock and debt) of Michigan Gas Transmission Corp. and Indiana Gas Distribution Co.; to purchase from Ohio Fuel Gas Co. of natural gas pipe lines in Indiana and Ohio; and the balance to pay part of the cost of authorized construction work

Registration Statement No. 2-4919. Form A2. (12-24-41)

Effective—11:45 a.m. E.S.T. on Jan. 21, 1942 as of 4:45 p.m. E.S.T. Jan. 12, 1942

Offered Feb. 4, 1942 by underwriting group headed by Glore, Forgan & Co. and Kidder Peabody & Co. which was awarded the securities in competitive bidding on Feb. 2. The bonds were offered at 100.75 and int. and the pref. stock at $104 per share and div.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

TUESDAY, FEB. 10

FISHER BROTHERS CO.

Fisher Brothers Co. has filed a registration statement with the SEC for $1,000,000 of 15-year Sinking Fund Debentures, due 1957. Interest rate will be supplied by amendment to the registration statement.

Address—Cleveland, Ohio.

Business—Operates a chain of retail food stores.

Underwriting—Principal underwriter is Merrill Lynch, Pierce, Fenner & Beane; others will be named by amendment.

Offering—Public offering price of the Debentures will be supplied by amendment.

Proceeds will be applied toward the payment of all outstanding bank loans of the company.

Registration Statement No. 2-4932. Form A2 (1-22-42-Cleveland)

THURSDAY, FEB. 12

RELIANCE ELECTRIC & MANUFACTURING CO.

Reliance Electric Manufacturing Co. filed registration statement with SEC for 7,500 shares of $5 Cumulative Convertible Preferred Stock, no par value; and 37,500 shares of common stock, $5 par value, the latter to be reserved for issuance upon exercise of the conversion privilege of the preferred stock.

Address—Cleveland, Ohio.

Business—Engaged in the manufacture and sale of electric motors, generators, motor-generator sets, mine motors, etc.

Underwriting and Offering—The preferred stock will be offered to the public; offering price and names of the underwriters will be supplied by later amendment.

Proceeds will be used to restore cash reserve of company, and for working capital.

Registration Statement No. 2-4933. Form A2 (1-24-42-Cleveland)

SUNDAY, FEB. 15

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., filed a registration statement with the SEC for 100,000 shares of Keystone Custodian Fund Full Certificates of Participation, Series "B-2"

Address—50 Congress St., Boston, Mass.

Business — Company is an investment trust; each Keystone Fund is a strict trust fund, operating under a trust agreement which specifies and controls each step in its operation

Underwriting and Offering—The Series "B-2" Certificates of Participation will be sold to the public at the market, the issue being sponsored by the depositor

Proceeds will be used for investment purposes

Registration Statement No. 2-4942. Form C-1 (1-27-42)

Keystone Custodian Funds, Inc., also filed a registration statement with SEC for 100,000 shares of Keystone Custodian Fund Full Certificates of Participation, Series "S-2," to be sold to the public at the market, and the proceeds to be used for investment purposes

Registration Statement No. 2-4943. Form C-1 (1-27-42)

MONDAY, FEB. 16

LIBERTY AIRCRAFT PRODUCTS CORP.

Liberty Aircraft Products Corp. filed registration statement with SEC for 60,000 shares Cumulative Convertible Preferred Stock, no par (dividend rate to be supplied by amendment), and 120,000 shares $1 par value common stock, latter to be reserved for issuance upon exercise of conversion rights of the preferred stock

Address—Farmingdale, N. Y.

Business—Engaged in manufacture and processing of parts and equipment for aircraft to customers' specifications, upon order. Owns about 50% of the outstanding common stock of The Autocar Co., which is engaged chiefly in the manufacture and sale of medium and heavy-duty motor trucks

Offering—The preferred stock will be offered to the public at a price to be supplied by amendment; the proposed maximum offering price, based on the SEC filing fee, is $25 per share

Underwriting—E. H. Rollins & Sons, Inc., New York, is named principal underwriter; names of the other underwriters will be supplied by amendment.

Proceeds will be used to the extent of $900,000 toward part payment of outstanding bank loans, and the balance will be added to working capital

Registration Statement No. 2-4934. Form A2 (1-28-42)

TUNG GROVE DEVELOPMENT CO., INC.

Tung Grove Development Co., Inc., filed registration statement with the SEC for Contracts for sale of land and development of tung groves thereon, aggregating $450,000

Address—Ocala, Fla.

Business—Engaged in the planting, cultivation and care of tung groves on lands of others under contract or upon orders from such owners, in Marion and Citrus Counties, Fla. Business is now being expanded to include the purchase, sub-division and sale of lands in these counties for development in tung groves

Underwriting—Details of underwriting or distributing method to be employed, will be supplied by amendment

Offering—Company will offer, through the Contracts, land suitable for tung grove development, together with its contract for the clearing, planting and development of a tung grove thereon, in units of not less than 10 acres at a total price of $45 per acre, payable one-fourth down and the balance in 3 equal annual payments

Proceeds for working capital, as payment for land sold and for development work and materials

Registration Statement No. 2-4935. Form S2 (1-28-42)

GENERAL FINANCE CORP.

General Finance Corp. filed registration statement with SEC for 176,854 shares common stock, $1 par

Address—184 W. Lake St., Chicago, Ill.

Business—Company and subsidiaries engaged principally in discounting installment notes receivable secured by automobile conditional sales contracts and chattel mortgages, and advancing funds to automobile dealers on their short-term interest bearing notes secured by automobiles. Due to recent prohibition of sale of new automobiles and new tires,, company proposes to amend its charter so as to broaden the scope of its authority to do business

Underwriting—None

Offering—The 176,854 shares of common stock are reserved for issuance upon the exercise of certain outstanding Common Stock Purchase Warrants, latter entitling holders thereof to purchase 176,854 shares of common stock of company at price of $4 per share, during period from Mar. 4, 1942 through Mar. 4, 1947.

Proceeds will be added to working capital

Registration Statement No. 2-4936. Form A2 (1-28-42)

TUESDAY, FEB. 17

TREASURE MOUNTAIN GOLD MINING CO.

Treasure Mountain Gold Mining Co. filed a registration statement with the SEC for 150,000 shares common stock, 25 cents par value

Address—Denver, Colo.

Business—Company has been organized to develop and operate gold and silver mines on Treasure Mountain, in San Juan County, Colo.

Underwriting—None

Offering—Company will sell such shares directly to the public, at a price of 50 cents a share

Proceeds will be used for working capital

Registration Statement No. 2-4937. Form S3 (1-29-42)

WEDNESDAY, FEB. 18

LIQUID CARBONIC CORP.

The Liquid Carbonic Corp. has filed a registration statement with the SEC for 30,000 shares of Cumulative Preferred Stock, Series A, $100 Par. The dividend rate will be supplied by amendment to the registration statement

Address—3100 S. Kedzie Ave., Chicago, Ill.

Business—Business now done by company and its subsidiaries consists of the manufacture and sale of consumable products (carbonic gas and dry ice; extracts used in preparation of beverages and food; oxygen, acetlyene and medical gases; and durable products (soda fountain bars, luncheonette equipment, ice cream cabinets, bottling equipment)

Underwriting — Principal underwriters are: Laird, Bissell & Meeds; Spencer Trask & Co.; Merrill Lynch, Pierce, Fenner & Beane, all of New York. Names of the other underwriters will be supplied by amendment

Offering—The preferred stock will be offered to the public, at a price to be announced in a later amendment to the registration statement

Proceeds will be used to extent of $700,000 toward the partial prepayment of an

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outstanding bank loan; remainder of the net proceeds will be added to company's working capital

Registration Statement No. 2-4938. Form A2 (1-30-42)

THURSDAY, FEB. 19

LERNER STORES CORP.

Lerner Stores Corp. has filed a registration statement with the SEC for $2,000,000 Ten Year Sinking Fund Debentures, due Jan. 1, 1952. Interest rate by amendment

Address—Baltimore, Md., and New York City

Business—This holding company operates, through its subsidiaries, a chain of 178 retail stores selling women's wearing apparel at moderate prices on a cash and carry basis

Underwriting — Merrill Lynch, Pierce, Fenner & Beane, of New York, are principal underwriters; others will be named by amendment

Offering—The Debentures will be offered to the public at a price to be supplied by amendment

Proceeds will be advanced to Associated Lerner Shops of America, Inc. (N. Y.), which will use the net proceeds so advanced as additional working capital or will advance all or a part thereof to other subsidiaries for use as additional working capital

Registration Statement No. 2-4939. Form A2 (1-31-42)

SATURDAY, FEB. 21

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillion, Dead & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

ATLANTIC CITY ELECTRIC CO.

Atlantic City Electric Co. filed a registration statement with the SEC for 62,000 shares of Cumulative Preferred Stock, $100 par; dividend rate will be furnished by amendment

Address—Atlantic City, N. J.

Business—This subsidiary of American Gas & Electric Co. is engaged in the generation, transmission, distribution and sale of electric energy in the southern part of New Jersey, including Atlantic City, and is also engaged in furnishing hot water heating service in a limited area in Atlantic City and steam for heating to two customers at its Atlantic City plant. About 99% of gross revenues are derived from electric service

Underwriting and Offering—As soon as practicable after the registration statement becomes effective, company proposes publicly to invite proposals for purchase of 49,000 shares of the new preferred stock, under competitive bidding rule of Holding Company Act. Provision is made that the remaining 13,000 shares of new preferred stock registered will be offered under an Exchange Offer, as follows: holders of the 26,283 shares of $6 preferred stock held by the public will be entitled to receive one share of new preferred stock for each share of $6 preferred stock exchange, plus an amount in cash per share equal to the excess of the redemption price of $120 per share of the $6 preferred stock, plus accrued dividends to the date of redemption, over the initial public offering price of the new preferred stock. The exchange offer will expire not later than the fifth day after such offer is made. Should holders of the $6 preferred stock held by the public take more than 13,000 shares of new preferred stock under the Exchange Offer, then the number of shares of new preferred stock to be sold under competitive bidding will be reduced by such excess; and if less than 13,000 shares of new preferred are taken under the Exchange Offer, then the successful competitive bidders will have the option to purchase the additional shares represented by such deficiency at the same price per share as they have bid for the other shares

Public offering price, and the names of the underwriters, will be supplied by amendment

Proceeds from sale of the 62,000 shares new preferred stock, plus a capital contribution in cash of $2,500,000 to be made to company by American Gas & Electric Co., the parent company, will be used for following purposes: $3,059,200 to purchase from American Gas & Electric Co. 30,592 shares of $6 preferred stock (at its cost); $3,153,960 to be deposited with the redemption agent, for the redemption of 26,283 shares of $6 preferred stock (to be called for redemption at $120 per share), outstanding in the hands of the public; $2,500,000 to discharge open account indebtedness to American Gas & Electric Co.; and the balance for corporate purposes

Registration Statement No. 2-4941. Form A2 (2-2-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AIR ASSOCIATES, INC.

Air Associates, Inc., registered with SEC 50,000 shares $1.37½ Cumulative Convertible Preferred Stock, no par; and maximum of 100,000 shares $1 par common stock, latter reserved for issuance upon conversion of the preferred.

Address—Bendix Airport, Bendix, N. J.

Business—Company is manufacturer and distributor of airplane parts, equipment, material, supplies and accessories.

Underwriter—White, Weld & Co., New York, is principal underwriter; others to be named by amendment. Underwriting commission is $2.25 per share.

Offering—Preferred stock to be offered amendment.

Proceeds—$300,000 to prepay outstanding bank loans; $200,000 for purchase of additional machinery; balance for plant additions and working capital.

Registration Statement No. 2-4851. Form A-2. (9-27-41).

The company has filed an amendment to its registration statement with the Securities and Exchange Commission disclosing that its 50,000 shares of $1.37½ cumulative convertible preferred stock will be offered to the public by the following underwriters:

	Shares
White, Weld & Co.	12,500
Jackson & Curtis	10,000
Merrill, Lynch, Pierce, Fenner & Beane	10,000
Stern, Wampler & Co.	5,000
E. H. Rollins & Sons	4,000
Pacific Co. of California	4,000
Mitchum, Tully & Co.	1,500
Cohu & Torrey	1,000
Fuller, Cruttenden & Co.	1,000
Vietor Common & Co.	1,000

Amendments filed Nov. 25, Dec. 13, Dec. 30, 1941 and Jan. 16, 1942 to defer effective date

CHAMPION PAPER & FIBRE CO.

Champion Paper & Fibre Co. registered with SEC $8,500,000 of first mortgage bonds, due Nov. 1, 1956 (interest rate to be filed by amendment); 40,000 shares $6 cumulative convertible preferred stock, no par; and an indeterminable number of shares of no par common stock, to be reserved for issuance upon conversion of the preferred stock

Address—Hamilton, O.

Business—Largest domestic manufacturer of the types of paper known in the trade as white papers and book papers, and is one of the largest domestic manufacturers of coated papers

Underwriters are W. E. Hutton & Co and Goldman, Sachs & Co., both of New York, N. Y.

Offering—The bonds and preferred stock will be offered to the public, at prices to be supplied by amendment

Proceeds will be used to redeem the outstanding aggregate of $8,660,000 of 4¾% sinking fund debentures ($4,125,000 principal amount due 1950, at 104½; $4,535,000 principal amount of the 1938 Issue at 102¼), requiring $8,947,663. Balance of net proceeds will be added to working capital

Registration Statement No. 2-4867. Form A2. (10-25-41)

Amendment Filed—Company has filed an amendment with the SEC to its registration statement disclosing that the bonds would bear interest at the rate of 3½% per annum. The public offering price of the bonds and the preferred stock will be supplied by later amendment

Also disclosed in the amendment is the names of the underwriters for the bonds and preferred stock, together with the amount of each issue underwritten by each, as follows (all of New York City, unless otherwise indicated):

	Prin. amt. of bonds	No. of shs. of pref. stk
W. E. Hutton & Co.	$1,700,000	8,000
Goldman, Sachs & Co.	1,700,000	8,000
R. S. Dickson & Co.	127,000	600
Drexel & Co., Phila.	425,000	2,000
Field, Richards & Co., Cincinnati	85,000	400
First Boston Corp.	425,000	2,000
Harriman Ripley Co.	425,000	2,000
Hemphill, Noyes Co.	255,000	1,200
Hornblower & Weeks	340,000	1,600
Johnson, Lane, Space & Co., Savannah	85,000	400
Kidder, Peabody Co.	765,000	3,600
Kuhn, Loeb & Co.	850,000	4,000
W. C. Langley & Co.	340,000	1,600
Lee Higginson Corp.	511,000	2,400
Piper, Jaffray & Hopwood, Minneapolis	127,000	600
White, Weld & Co.	340,000	1,600

Amendments filed Dec. 9, Dec. 27, 1941, Jan. 13 and Jan. 30, 1942, to defer effective date

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof: and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

Amendments filed Nov. 18, Dec. 6, Dec. 24, 1941, Jan. 12 and Jan. 31, 1942, to defer effective date

CORNELL-DUBILIER ELECTRIC CORP.

Cornell-Dubilier Electric Corp. filed a registration statement with the SEC covering $1,500,000 convertible sinking fund debentures: 30,000 shares of 5% cumulative convertible preferred stock, $50 par; and an unstated amount of common stock, $1 par, the latter to be reserved for issuance upon conversion of the debentures or the preferred stock. Interest rate and maturity date of the debentures will be supplied by amendment.

Address—333 Hamilton Blvd., S. Plainfield, N. J.

Business—Engaged in manufacture and sale of various types of capacitors, known also as fixed electrical condensers, devices for storing electrical energy between two or more conducting surfaces separated by a dielectric or non-conductor

Offering—Company states that because of the present uncertainty of wordwide conditions, it is impossible to determine at this time whether it will be more advisable for the proposed financing to be effected by means of an offering of debentures or preferred stock. It is not expected that both the types of securities will be registered, but that later either the debentures, or the preferred stock, will be sold to the public, and the other type of security will be eliminated from registration. Public offering price will be supplied by amendment

Proceeds will be used to pay $400,000 bank loans, reimburse company's treasury for expenditures made and to be made for plant, machinery and equipment during past and current years, and for working capital

Registration Statement No. 2-4924. Form A2. (12-29-41)

Company has filed an amendment with the SEC to its Dec. 29, 1941 registration statement, in which amendment the company disclosed that it has chosen to issue $1,500,000 of 10-year convertilbe sinking fund debentures, due Jan. 1, 1952, instead of the 30,000 shares of 5% cumulative convertible preferred stock, $50 par value. Amended registration statement also covered a maximum of 175,000 shares of common stock, $1 par value, to be reserved for issuance upon exercise of the conversion rights attached to the debentures. The debentures will first be offered for subscription, through rights, to common stockholders of record Jan. 23, 1942, pro rata, at a price to be supplied by amendment. The unsubscribed portion of the debentures will be offered to the public, at a price to be supplied by amendment, by the following underwriters: Eastman, Dillon & Co.; Kidder, Peabody & Co.; McDonald-Coolidge & Co.; Merrill Lynch, Pierce, Fenner & Beane; Hornblower & Weeks; Jackson & Curtis. The expiration date of the subscription offer will be furnished by later amendment

The debentures will be offered to common stockholders in ratio of $1.90 of debentures for each share of common stock held

Amendment filed Jan. 16, 1942, to defer effective date

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendments filed Nov. 27, Dec. 15, 1941, Jan. 2 and Jan. 20, 1942 to defer effective date

HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. Form S2 (12-30-41)

Amendment filed Jan. 29, 1942 to defer effective date

INTER-MOUNTAIN TELEPHONE CO.

Inter-Mountain Telephone Co. filed registration statement with SEC for 25,000 shares common stock, voting, $10 par value

Address—Sixth and Crumley Sts., Bristol, Tenn.

Business—Supplies telephone service in portions of Virginia and Tennessee

Underwriters—Alex. Brown & Sons, Baltimore; Mason-Hagan, Inc., Richmond, Va.; Stern, Wampler & Co., Inc., Chicago; Equitable Securities Corp., Nashville, Tenn.; Courts & Co., Atlanta, Ga.; R. S. Dickson & Co., Inc., Charlotte, N. C.; Minnich, Wright & Co., Inc., Bristol, Tenn.

Offering—The 25,000 shares of common stock will be offered to the public, at a price to be supplied by amendment to registration statement. The shares are to be offered for the account of the underwriters, who are to acquire such shares as follows: Southern Bell Telephone & Telegraph Co. and Chesapeake & Potomac Telephone Co. of Virginia, have agreed to sell to above underwriters, a total of 25,000 shares of 6% non-cumulative convertible preferred stock, $10 par, of company, at a price to be supplied by amendment (20,665 shares of such preferred to be sold by former, 4,335 shares by latter). Underwriters agree that immediately following delivery to them of such shares of preferred stock, each will convert same, share for share, into a total of 25,000 shares of common stock of company

Proceeds will be received by the underwriters

Registration Statement No. 2-4908. Form A2. (12-6-41)

Amendments to defer effective date filed Dec. 22, 1941, Jan. 9 and Jan. 27, 1942

IOWA SOUTHERN UTILITIES CO. OF DELAWARE

Iowa Southern Utilities Co. of Del. has filed a registration statement with the SEC for $10,000,000 first mortgage 3½% bonds, due Dec. 1, 1971, and $5,160,000 of 4½% sinking fund debentures, due Dec. 1 1971

Address—Centerville, Ia.

Business—Principal business of this public utility operating company is that of generating, distributing and selling electrical energy for light, heat and power, serving 134 communities at retail in 24 counties in the southern and southeastern parts of Iowa. Also, manufactures and sells artificial gas to several communities in that area, as well as steam heat

Underwriters—W. C. Langley & Co., New York, and Halsey, Stuart & Co., Inc., Chicago, are named principal underwriters; the names of the other underwriters will be furnished by later amendment to the registration statement

Offering—The bonds and debentures will be sold to the public, at prices to be supplied by amendment to the registration statement

Proceeds, together with other funds of the company will be used to redeem the following issues of bonds of the company: $10,000,000 first mortgage 4s, due May 1, 1970; $2,660,000 general mortgage sinking fund 4½s, due May 1, 1950; and $2,500,000 of 6% series A debentures, due May 1, 1950, requiring an aggregate of $15,854,700, exclusive of accrued interest on the bonds to be redeemed

Registration Statement No. 2-4921. Form A2. (12-27-41)

Amendment filed Jan 14, 1942 to defer effective date.

Iowa Southern Utilities Co. of Delaware has filed an amendment with the SEC to its registration statment originally filed Dec. 27, 1941. In this amendment, company states that it now proposes to offer to the public an issue of $5,000,000 of 4½% sinking fund debentures, due Dec. 1, 1971, instead of the originally proposed issuance of $10,000,000 of first mortgage 3½% bonds of 1971 and $5,160,000 of 4½% sinking fund debentures due Dec. 1, 1971. Proceeds from sale of the $5,000,000 of debentures will be used to retire the outstanding general mortgage 4½% sinking fund bonds of 1950 and the 6% Series A debentures. The first mortgage 4% bonds due 1970, now outstanding, will not be called for redemption.

Underwriters for the debentures are the same as originally announced, with exception that Glore, Forgan & Co. is replaced by Goldman, Sachs & Co., among the 15 underwriters forming the syndicate. The public offering price will be supplied by later amendment.

MILLER TOOL & MFG. CO.

Miller Tool & Manufacturing Co. has filed a registration statement with the SEC for 92,792 shares of common stock, $1 par value

Address—Detroit, Mich.

Business—Company is engaged in the manufacture and sale of service tools for use by the automotive industry

Underwriters—Baker, Simonds & Co., is named the principal underwriter

Offering—24,875 shares of common stock will be sold to the public for the account of the company; the remaining 67,917 shares registered are already issued and outstanding, and will be sold to the public for the account of certain selling stockholders. The public offering price is $4.20 per share

Proceeds will be used for the purchase of machinery and equipment and for working capital

Registration Statement No. 2-4920. Form S2. (12-26-41 Cleveland)

Amendments filed Jan. 10 and Jan. 26, 1942 to defer effective date

PENNSYLVANIA ELECTRIC CO.

Pennsylvania Electric Co. registered with SEC $32,500,000 first mortgage bonds, due Jan. 1, 1972, and 34,000 shares Series A cumulative preferred stock, $100 par. The interest rate on the bonds and the dividend rate on the preferred stock, will be supplied by amendment to the registration statement

Address—222 Levergood St., Johnstown, Pa.

Business—This company, controlled by Trustees of Associated Gas & Electric Corp., is engaged chiefly in the production, purchase, transmission, distribution and sale of electricity for lighting, heating, industrial and general utility purposes, serving a territory in Western Pennsylvania extending from the Md.-Pa. State line northerly to Lake Erie

Underwriting and Offering—The bonds and preferred stock will be sold by company under competitive bidding rule U-50 of SEC's Public Utility Holding Company Act. Names of underwriters and public offering prices will be supplied by amendment to registration statement. The Invitations to bid for the securities specify that the company is to receive not less than 103 for the bonds and not less than $100 per share for the preferred stock

Proceeds will be used to redeem all of the outstanding funded debt of the company and Erie Lighting Co. and for property additions

Registration Statement No. 2-4929. Form A2 (1-9-42)

PUBLIC SERVICE CO. OF INDIANA, INC.

Public Service Co. of Indiana, Inc., registered with SEC $42,000,000 first mortgage series D 3⅜% bonds, due Dec. 1, 1971

Address—110 N. Illinois St., Indianapolis, Ind.

Business—Incorporated in Indiana on Sept. 6, 1941, as result of consolidation of Public Service Co. of Indiana, Central Indiana Power Co., Northern Indiana Power Co., Terre Haute Electric Co. and Dresser Power Corp. Company is a public utility operating in State of Indiana and is engaged principally in production, generation, manufacture, purchase, transmission, supply distribution and sale of electric energy and gas, and in the supply, distribution and sale of water.

Underwriting and Offering—The bonds will be sold under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters, and public offering price, will be supplied by post-effective amendment to registration statement

Proceeds, plus other funds of company if necessary will be applied to redemption, within 40 days after issuance of the bonds, of the $38,000,000 of Public Service Co. of Indiana first mortgage series A 4% bonds, due Sept. 1, 1969, at 106½ and accrued interest; and $4,000,000 of the net proceeds will be deposited with the trustee under the series D indenture and will be used in accordance with the provisions of the indenture

Registration Statement No. 2-4893. Form A2. (11-22-41)

Effective—10 a.m. E.S.T. on Dec. 6, 1941

No bids for the purchase of the bonds were received on Dec. 16, 1941

SCHENLEY DISTILLERS CORP.

Schenley Distillers Corp. filed a registration statement with the SEC for $10,000,000 10-year sinking fund debentures, due Jan. 1, 1952, and $17,500,000 15-year sinking fund debentures, due Jan. 1, 1957. Interest rates will be supplied by amendment to registration statement

Address—350 Fifth Ave., New York City

Business—Company and its subsidiaries are engaged generally in the distilling, blending, rectifying, producing, warehousing, bottling, buying, selling, exporting and importing alcoholic products for beverage purposes, principal business being production and sale of rye, bourbon and blended whiskies in the United States

Underwriting—Mellon Securities Corp., Pittsburgh, is named principal underwriter; names of others will be supplied by amendment

Offering—The debentures will be offered to the public, at a price to be supplied by amendment

Proceeds from sale of the debentures, together with the net proceeds of unstated amount of short-term bank loans to be procured by company prior to or concurrently with the issue of the debentures, will be applied to payment of all the present bank loans of company. Amount of such bank loans outstanding on Aug. 31, 1941, was $24,000,000

Registration Statement No. 2-4925. Form A2. (12-30-41)

Amendment filed Jan. 13, disclosing a coupon rate of 3¼% for the $10,000,000 10-year sinking fund debentures, and a coupon rate of 4% for the $17,500,000 15-year sinking fund debentures

The amendment named the underwriters of the issues as follows: Mellon Securities Corp.; Alex Brown & Sons; A. C. Allyn & Co.; Bear, Stearns & Co.; Blair & Co.; Blyth & Co.; Bonbright & Co.; Central Republic Co.; Dean Witter & Co.; Dillon, Read & Co.; Eastman, Dillon & Co.; Emanuel & Co.; Estabrook & Co.; the First Boston Corp.; Hallgarten & Co.; Harris, Hall & Co.; Hayden, Miller & Co.; Hemphill, Noyes & Co.; J. J. B. Hilliard & Son; W. E. Hutton & Co.; Jackson & Curtis; Kidder, Peabody & Co.; Kuhn, Loeb & Co.; Lazard Freres & Co.; Lee Higginson Corp.; Carl H. Loeb, Rhoades & Co.; Laurence H. Marks & Co.; Merrill Lynch, Pierce, Fenner & Beane; Moore, Leonard & Lynch; F. S. Moseley & Co.; Paine, Webber & Co.; Parrish & Co.; E. H. Rollins & Sons; Riter & Co.; Schwabacher & Co.; Shields & Co.; Singer, Deane & Scribner; Stein Brothers & Boyce; Stone & Webster and Blodgett; Stroud & Co.; Tucker, Anthony & Co.; Union Securities Corp.; Wertheim & Co., and Whiting Weeks & Stubbs

Amendment filed Jan. 31, 1942 to defer effective date

VIRGINIA PUBLIC SERVICE CO.

Virginia Public Service Co. filed a registration statement with the SEC for: $22,800,000 first mortgage 3½% bonds, due Dec. 1, 1971; $5,700,000 of 2%-3½% serial notes, due semi-annually June 1, 1944-Dec. 1, 1951, in varying amounts (from $320,000 to $390,000); 70,000 shares 5¼% cumulative preferred stock, $100 par value; and 628,333 shares common stock, no par

Address—117 S. Washington St., Alexandria, Va.

Business—Company is principally an electric operating public utility engaged in the production, purchase, transmission, distribution and sale of electric energy at retail and wholesale in Virginia, West Virginia and, to a minor extent, in North Carolina. Company is a subsidiary of General Gas & Electric Corp., which is in the Associated Gas & Electric Corp. holding company system

Underwriting and Offering—The securities registered will be sold through competitive bidding, under the SEC's competitive bidding Rule U-50 of the Public Utility Holding Company Act. Only exception is confined to such shares of the new preferred stock as may be issued on a share for share basis (with a cash adjustment) to holders of the presently outstanding preferred stock who do not elect to take cash for their stock. Name of underwriters, and public offering prices for the securities, will be supplied by post-effective amendment to registration statement

Proceeds will be used as follows: The 628,333 shares of new no par common stock will first be issued to General Gas & Electric Corp. in exchange for the old common stock now held by General Gas & Electric Corp., and will be offered for sale through competitive bidding. The proceeds from the sale of the securities registered will be used to retire all of the outstanding long-term indebtedness of the company, its predecessor and constituent companies, and that of Virginia Public Service Generating Co. (a subsidiary), to make cash payments to its present preferred stockholders, and to provide company with funds for new construction

Registration Statement No. 2-4913. Form A2. (12-12-41)

Amendments to defer effective date filed Dec. 26, 1941, Jan. 10 and Jan. 31, 1942

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., In Dissolution, to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923. Form A2. (12-29-41)

(This List Is Incomplete Today)

Toronto Stock Exch. To Trade During NY Hours

TORONTO, ONT., CANADA—The Management Committee of the Toronto Stock Exchange has announced that the Exchange will return, effective Feb. 9, to the former trading hours of 10 a.m. to 3 p.m., Eastern Daylight Time, to conform to the trading hours to be adopted by the New York Stock Exchange under "War" Time.

Ryan-Nichols & Co. In New St. Louis Quarters

ST. LOUIS, MO.—Ryan-Nichols & Co. announce that their local office is now located at 903 Landreth Building; the telephone number remains the same. The removal was made by Ryan-Nichols & Co. to cooperate with the Government in making their previous offices available to the Rural Electrification Administration, which is being moved to St. Louis in the interest of the Nation's all-out war effort.

Curb Seat Retirement

Arrangements have been made by the New York Curb Exchange to purchase and retire the membership of Charles Watson, 3rd, for $1,000. When arrangements for the sale are completed, the Exchange will have retired 30 seats and reduced the number of regular memberships to 520.

Block of J. P. Morgan Co. Capital Stock Offered To Public At $206 Per Share

(Continued from First Page)

The company's operating personnel consists of 33 officers and 623 employees.

Comparative Condensed Statements of Condition

Assets—	Dec. 31, 1941	Dec. 31, 1940	Mar. 30, 1940
Cash on hand and on deposit in banks	$251,630,571	$271,914,851	$147,163,051
U. S. Government securities, direct and fully guaranteed	356,023,513	361,333,144	387,093,168
State and municipal bonds and notes	33,993,423	67,623,066	49,353,015
Other bonds and securities (including shares of Morgan Grenfell & Co. Ltd.)	21,891,023	19,666,750	15,498,138
Loans and bills purchased	63,918,203	35,849,992	28,651,621
Accrued interest, accounts receivable, etc.	1,817,374	1,433,777	1,862,076
Investment in banking premises	4,000,000	4,000,000	4,000,000
Liability of customers on letters of credit and acceptances (per contra, less prepayments)	16,451,305	11,042,612	9,918,615
Total	$749,725,411	$772,864,193	$643,539,683
Liabilities—			
Deposits	$689,361,244	$719,913,403	$591,965,866
Accounts payable and miscellaneous liabilities	1,936,263	1,132,471	213,451
Acceptances outstanding and letters of credit issued	17,213,363	11,503,829	11,360,366
Capital (par $100 per share)	20,000,000	20,000,000	20 000 000
Surplus	20,000,000	20,000,000	20,000,000
Undivided profits	1,214,541	314,489	------
Total	$749,725,411	$772,864,193	$643,539,683

United States Government obligations and other securities carried at $7,331,563 as of March 30, 1940; at $9,947,837 as of Dec. 31, 1940, and at $52 553,765 as of Dec. 31, 1941, in the above statements were pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes.

	Dec. 31, 1941	Dec. 31, 1940	Mar. 30, 1940
Amount of reserves applied in reduction of assets in arriving at valuations shown above	$1,527.731	$1,829 500	$3,342.554
Book value per share	$200	$202	$206

The company follows the policy of valuing all United States Government and general market securities, when purchased at a premium, at amortized cost, and all securities, when purchased at or below par, at the lower of cost or market. As of Dec. 31, 1941, the holdings of United States Government securities averaged just under five years to maturity or earlier call date grouped as follows:

Within one year	$79,000,000
From one to four years	136.000.000
From four to ten years	80,000,000
Over ten years	44 000,000

These securities stood on the books of the company at an amortized cost of $356,023,513, which was about $2,730,000 above the market therefor (based on bid prices) on Dec. 31, 1941.

The banking premises are carried at approximately $1,800,000 below the assessed valuation thereof and, as stated above, the stock of Morgan Grenfell & Co. Ltd. is carried at approximately $1,000,000 below the book value thereof at current exchange valuations and $3,342,553 of reserves have been applied to the further reduction of asset valuations in the condensed statement of financial condition as of Dec. 31, 1941. It is believed, therefore, that the asset valuations are conservatively stated and that the asset values per share of stock are at least equal to the book value shown above.

Earnings for Periods Ended Dec. 31

	Year End. Dec. 31, 1941	9 Mos. End. Dec. 31, 1940
Gross income—net earnings from interest received and accrued	$4,113,264	$2,113,300
Fees and commission received	2,689,966	1,324,497
Security profits realized	1,658,842	606,560
Total	$8,462,072	$4.044,357
Expenses—operating expenses paid and accrued	3,579,806	2,764.131
Taxes and miscellaneous	792,421	335,737
Total	$4,372,227	$3,099.868
Net earnings	$4,089.845	$944,489
Dividends paid	800,000	------
Net income after dividends	$3,289,845	$944,489
Net amount credited to undivided profits	900,052	314,489
Transferred to reserves	$2,389,793	$630,000
Net earnings per share—		
Including security profits realized	$20.45	$4.72
Exluding security profits realized	12.15	1.69

Reserves

	Year End. Dec. 31, 1941	9 Mos. End. Dec. 31, 1940
Reserves at beginning of period	$1,829,499	$1,527,731
Add—		
Transferred from undivided profits	2,389,793	630,000
Reserved from current income before arriving at net earnings shown above	139,481	304,320
Amount previously deducted for revaluation of securities not sold	331,194	------
Miscellaneous credits	1	15 830
Total	$4,689,968	$2,477,881
Deduct—		
Retirement allowances	139,481	128,124
For revaluation of securities not sold	509,826	331,194
Organization expenses	------	80,113
Losses on securities sold	------	108,951
Write-down of shares of Morgan Grenfell & Co., Ltd.	550,501	------
Termination payment on lease cancellations	147,607	------
Total deductions	$1,347,415	$648 382
Balance in reserves at end of period	$3,342,553	$1,829,499

Dividends

An initial dividend of $1 per share was paid on June 16, 1941. On Sept. 15 and on Dec. 15, 1941, dividends of $1.50 each were paid.

Additional Compensation Plan

There is in effect a plan which provides that the company may, in the discretion of its board of directors, make payment in whole or in part for services rendered to the Company during any period by any officer or officers (including officers who are directors), out of the net earnings for such period in excess of 6% per annum on the capital, surplus and undivided profits, of a sum not to exceed the lower of 50% of such excess net earnings for such period or an amount equal to that proportion of $500,000 which such period bears to a full fiscal year, provided

(a) Dividends at the rate of at least 8% per annum for such period shall have been declared and paid or payment provided for, and

(b) 5% per annum shall have been earned accumulatively on the capital, surplus and undivided profits during the preceding six fiscal years (or from the commencement of business if that be less than six years).

Management and Ownership

The principal officers of the company are as follows: J. P. Morgan, Chairman of the Board; Thomas W. Lamont, Vice-Chairman of the Board, Chairman of the Executive Committee; R. C. Leffingwell, Vice-Chairman of the Executive Committee; George Whitney, President; Arthur M. Anderson, Thomas S. Lamont, H. P. Davison, Charles D. Dickey, Henry C. Alexander, I. C. Raymond Atkin, William A. Mitchell, John M. Meyer, Jr., Stuart W. Cragin, Vice-Presidents; Longstreet Hinton, Vice-President and Trust Officer; Leonhard A. Keyes, Vice-President and Secretary; Sidney Lanier, Treasurer; Hartland S. West, Comptroller.

The directors of the company are: J. P. Morgan, Thomas W. Lamont, Junius S. Morgan, George Whitney, R. C. Leffingwell, Francis D. Bartow, Arthur M. Anderson, Thomas S. Lamont, H. P. Davison, Charles D. Dickey, Henry C. Alexander, I. C. Raymond Atkin and W. A. Mitchell.

Pursuant to the approval of its stockholders, the company received as a contribution and now holds all of the $150,000 authorized and paid-up capital stock of Morgan & Cie. Incorporated, an investment company organized under the banking laws of the State of New York to conduct a banking business in France. If the necessary approvals of the authorities in France are obtained, it is proposed that this company, which has not yet commenced business, will acquire all or certain of the assets of Morgan & Cie., a French partnership in which the firm of J. P. Morgan & Co. in liquidation has an interest. The operations of this company may be further delayed or hampered by wartime legislation and regulation. The stock of Morgan & Cie. Incorporated is carried on the books of the company at a value of $1.

As permitted by the laws of the State of New York, the company, in common with many other banks, has adopted a by-law in effect indemnifying each director against reasonable expenses actually and necessarily incurred by him in connection with the defense of any action, suit or proceeding in which he has been made party by reason of his being or having been a director, except in relation to matters as to which he shall be adjudged in such action to be liable for negligence or misconduct in the performance of his duties as such director. No action is now pending or, so far as the Board of Directors is aware, is threatened against any director of the Company as such.

Our Reporter On "Governments"

(Continued from First Page)

get at your tax-exempts? If you do, all right; sell your tax-exempts, shift into taxables now and avoid the violent price fluctuations ahead; if you don't, be calm and stop losing money and ignore the day-to-day rumors. . . .

Of course, Morgenthau would like to get at the tax-exempts—outstanding Federals, States and municipals, for there are $20,000,000,000 tax-exempt State and municipals out; $9,900,000,000 fully tax-exempt Federal issues out, and $36,000,000,000 partially tax-exempt Treasuries out. . . .

But the question is, not what he wants, but what he can get. . . . And the best opinion is Congress will not accede to his desire to tax outstanding States and municipals for many, many a month. . . .

As for taxing the Federals, here's Morgenthau's comment for the record. . . .

"I feel that there is a contract which stands between the Federal Government and holders of these Federal tax-exempt securities. I don't intend directly or indirectly to break that Government contract or to circumvent it." . . .

Here's Federal Reserve Board Chairman Eccles' comment, too:

"While I do not see how taxation can be levied in good faith on the tax-exempts already issued, there should be a discontinuance of this inequitable practice so far as all future refunding or new issues are concerned." . . .

(That was said at a conference of Mayors, Jan. 13. No one is talking about future issues, though, so let's just study the first part of that sentence.) . . .

Now on getting at the tax-exempts indirectly, here's Assistant Secretary of the Treasury Sullivan's comment:

"We have not considered lowering the normal tax on individuals or corporations. On the other hand, we are opposed to any increases in the normal tax and we think that any increase that Congress considers should be increases in surtaxes rather than in normal taxes. The reason why we are not considering a reduction in the normal taxes is, as the Secretary said, we do not wish to attempt to do by indirection what we think we can not openly accomplish directly." . . .

If you think they're all putting themselves on record as opposed to taxing outstanding exempt Federals while they're planning diabolical moves to do exactly the opposite, all right, go ahead—be scared by rumors and get caught in the dual market setup every week. . . .

If you can't see how they'll get at the outstanding exempts for some time, stop worrying and judge the situation intelligently. . . .

(Obviously from the way this is written, this writer condemns the fear-psychology.) . . .

Since early January, the 2¾s of 1965-60 have declined over 1 point while long taxable bonds have risen about ½ point. . . .

A story in a sentence. . . .

Direct Sales Of U. S. Bonds

There's also been a lot of gossip lately about the terrific inflationary implications of the second war powers bill's provision, allowing the Reserve Banks to buy Government securities direct from the Treasury. . . . Ohio Senator Taft, for instance, said this clause "opens the road to complete inflation." . . . The headline writers of the country highlighted the new authority. . . .

If inflation—or when inflation—comes, it won't be solely because of direct sales of bonds to the Reserve System, whether they are non-interest-bearing, non-negotiables or whether they carry 3% interest.

This new authority is just another in a long list of unparalleled financing devices at the disposal of the Treasury. . . . Consider the inflationary implications of the Thomas Amendment to the Agricultural Adjustment Act of 1933, for instance. . . . It never has been made effective, but it's there just the same. . . . Consider the fact that the Stabilization Fund's $2,000,000,000 may be used at any time to help finance the war. . . . Just study the devices already in existence before you go off worrying about this latest one. . . . Then this provision will fall into its proper perspective. . . .

It isn't the power itself that matters. It's how it's used. . . .

Phila. Bowlers Are Out For STANY Blood

PHILADELPHIA, PA.—The Investment Traders Association of Philadelphia have appointed a Bowling Committee, headed by Al Tryder, of H. T. Greenwood & Co., assisted by Steve Massey, of Parrish & Co., and Edward Caughlin, of W. H. Bell & Co., to make preparations for a team of 15 bowlers to meet the bowlers of the Security Traders Association of New York, on the night of Feb. 11, in New York City. The Philadelphia bowlers are out for victory and hope to repeat their two-way blitz of 1941 over the New York team.

Members of the Philadelphia team already chosen are: Herbert Blizzard, Herbert H. Blizzard & Co.; Floyd Justice, Butcher, Sherrerd & Co.; E. G. Zuber, Suplee, Yeatman & Co.; Russell M. Ergood, Yarnall & Co.; Russell Dotts, Bioren & Co.; Tim McFarland, First Boston Corp.; Walter Schumann, Dolphin & Co.; Victor Mosley, Stroud & Co.; Frank Hass, Rufus Waples & Co.; Ellwood Robinson, A. Webster Dougherty & Co.; Charles Wallingford and Newton H. Parkes, Jr., E. H. Rollins & Sons, Inc.

Many of the members of the Association are planning to attend the fray.

FDR Proclaims Feb. 11 As Thomas Edison Day

President Roosevelt on Jan. 29 proclaimed Feb. 11 as Thomas Alva Edison Day—the date of the birthday of the late inventor. The President called upon "the officials of the government to display the flag of the United States on all government buildings on that date," and invited "the people of the United States to observe the day in schools and churches, or other suitable places, with appropriate ceremonies." In his proclamation the President stated that "the American people remember with deepest admiration and gratitude the achievements of Thomas Alva Edison and his contributions to the modern way of living; and in contemplating that the birth of Edison occurred on Feb. 11, 1847, in a small community in Erie County, Ohio, he added:

> We are inspired with the faith that our country will be blessed in every generation with young people of practical minds and breadth of vision, resourceful in utilizing the forces of nature for the benefit of mankind.

The proclamation was issued under a joint resolution of the Senate and House adopted on July 17, 1941, requesting that the day be proclaimed by the President for proper observance.

W. J. Candrian Joins Hixon, Stewart & King

CHICAGO, ILL. — William J. Candrian has become associated with the Chicago Stock Exchange firm of Hixon, Stewart & King. For the past five years he was with Kneeland & Co. in the public utility and industrial stock department.

Roosevelt In Address Sees Faith In Future Progress And Success For Security Of Humanity

President Roosevelt in a radio address the night of Jan. 30 thanked all those gathered throughout the nation in celebration of his 60th birthday for the benefit of the National Foundation for Infantile Paralysis. Speaking from the White House, the President said that the celebrations at this time of world tragedy means that "we have an abiding faith in the future—a definite expectancy that we are going to win through to a peace that will bring with it continuing progress and substantial success in our efforts for the security and not for the destruction of humanity." He went on to declared that "our enemies must at this moment be wondering—if they are permitted to know what goes on—how we are finding the time during the grim business of war to work for the cause of little children. For, under the enemies' kind of government, there is no time, there is no interest in such things—no time for ideals; no time for decency; no interest in the weak and the afflicted." He added that the "United Nations" continue "to support our tasks of humanity in time of war as in peace" through the voluntary help of the people.

The President also said that he had been authorized by the Trustees of the National Foundation for Infantile Paralysis to announce that county chapters may use part of this year's funds to give special assistance to the children of soldiers, sailors and marines who may fall victim to the disease. He also asserted that he had been "made additionally happy by the fact that in many of our sister republics of the Americas * * * parties and celebrations are being held today to provide needed help to the children in those lands."

Among the many congratulatory telegrams received by the President was the following message sent by Gen. MacArthur and his men in the Philippines:

> Today, Jan. 30, the anniversary of your birth, smoke-begrimed men, covered with the marks of battle, rise from the foxholes of Bataan and the batteries of Corregidor to pray reverently that God may bless immeasurably the President of the United States.

King George VI and Queen Elizabeth and Prime Minister Churchill sent birthday greetings to the President from London where the occasion was widely observed.

Queen Wilhelmina of the Netherlands also sent a congratulatory message from London.

H. Jerome Ayers With Harriman Ripley Co.

H. Jerome Ayers has become associated with Harriman Ripley & Co., Incorporated, 63 Wall Street, New York City, in their corporate trading department to handle public utility issues. Mr. Ayers was formerly manager of the bond department for A. M. Kidder & Co. and was with R. W. Pressprich & Co.

Kennedy Bond Mgr. For A. M. Kidder Co.

Walter V. Kennedy has become associated with A. M. Kidder & Co., 1 Wall Street, New York City, members of the New York Stock Exchange and other leading exchanges as manager of their bond department. Mr. Kennedy was formerly manager of the bond department for Newman Bros. & Worms and prior thereto was in charge of the trading department of the New York office of A. C. Allyn & Co., Inc.

G. W. Byram Joins Geo. I. Griffiths

(Special to The Financial Chronicle)

CLEVELAND, OHIO — George W. Byram has become associated with George I. Griffiths & Co., Union Commerce Building. Mr. Byram was formerly proprietor of Byram & Co. and in the past was with Bliss Bowman & Co., A. B. Leach & Co., Otis & Co. and the Union Trust Co. of Cleveland.

$25,000,000 Panhandle Securities Offered

Glore, Forgan & Co. and Kidder, Peabody & Co. and associates on Feb. 4 offered $25,000,000 bonds and preferred stock of Panhandle Eastern Pipe Line Co. The group was awarded the issues at competitive bidding on Feb. 2.

Included in the offering are $10,000,000 first mortgage and first lien 3% bonds, due 1962, which are priced at 100.75 and accrued interest, and 150,000 shares of 5.60% cumulative preferred stock, par $100, priced at $104 a share plus accrued dividends. Sale of the preferred is subject to an offer of certain of the shares, not exceeding an aggregate maximum of 14,000 shares, to holders of 63,566 shares of the outstanding common stock of Panhandle Eastern.

Net proceeds from the sale of the securities will be used by the company approximately as follows: $11,269,000 for the purchase of properties consisting of natural gas distributing systems and pipe lines in Michigan, Indiana and Ohio; $10,000,000 to redeem all of the company's outstanding Class A preferred stock, the balance to the payment in part of the cost of construction work now authorized.

Upon the completion of the present financing the outstanding funded debt of the company will comprise $28,250,000 of first mortgage and first lien bonds, series A, B and C; $5,000,000 of serial notes; and $14,256 of leasehold purchase obligations. The outstanding capitalization will be 150,000 shares of 5.60% cumulative preferred stock; 10,000 shares of Class B preferred stock; and 807,367 shares of common stock.

Other members of the underwriting group, in addition to Glore, Forgan & Co. and Kidder Peabody & Co., are: The First Boston Corp., Blair & Co., Inc., Hornblower & Weeks, W. E. Hutton & Co., White, Weld & Co., Lee Higginson Corp., Eastman, Dillon & Co., Hemphill, Noyes & Co., Harris, Hall & Co., (Inc.), Hallgarten & Co., Bodell & Co., Inc., G. M.-P. Murphy & Co., Graham, Parsons & Co., Baker, Weeks & Harden, Mitchum, Tully & Co., The Wisconsin Co., Dean Witter & Co., E. W. Clark & Co., R. S. Dickson & Co., Inc., Moore, Leonard & Lynch, Maynard H. Murch & Co., Singer, Deane & Scribner, Pacific Co. of California, J. M. Dain & Co., Clement A. Evans & Co., Inc. and Quail & Co.

Darrow & MacElvain At Jackson & Curtis

(Special to The Financial Chronicle)

CLEVELAND, OHIO—John N. Darrow and Clarence N. MacElvain have become connected with Jackson & Curtis, Union Commerce Building. Both were formerly associated with Otis & Co., Mr. MacElvain in the corporation department and Mr. Darrow in the municipal department.

R. N. Jacobs Joins Blyth In Chicago

(Special to The Financial Chronicle)

CHICAGO, ILL.—Rex N. Jacobs has become affiliated with Blyth & Co., Inc., 135 South LaSalle Street. Mr. Jacobs was formerly an officer of Knight, Dickinson & Co. and its predecessors, with which he had been connected for a great many years.

Lohrman Celebrates Tenth

Wm. E. Lohrman Co., 76 Beaver St., New York City, is celebrating the tenth anniversary of the firm, which was established in 1932 during "black February."

Emdon Fritz To Manage Hirsch Lilienthal Dept.

Emdon Fritz has become associated with Hirsch, Lilienthal & Co., 25 Broad Street, New York City, members of the New York Stock Exchange and other Exchanges, as manager of the bond department. Mr. Fritz was formerly assistant vice-president of Schoellkopf, Hutton & Pomeroy of Buffalo with headquarters in New York City. Prior thereto he was a partner in Blecker & Fritz and was with Dick & Merle-Smith.

Keenan & Bradley Are Now With Davies & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — Charles Richard Bradley and John J. Keenan have become associated with Davies & Co., Pacific Mutual Building. Mr. Keenan was formerly manager of the Trading Department for Fox, Castera and Co. with which Mr. Bradley was associated as manager of the Sales Department.

Arthur A. Green With Union Security Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — Arthur A. Green has become associated with Union Security Company, 29 South La Salle Street. Mr. Green was formerly manager of the real estate bond department of Anderson, Plotz & Company, Inc. with which he had been associated for many years.

Townsend Allen To Be Ira Haupt Co. Partner

Townsend E. Allen will become a partner in Ira Haupt & Co., 39 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges. It is proposed that Mr. Allen act as alternate for Martin Scherk on the floor of the Exchange under section 15, Article IX.

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Feb. 2 that the tenders for $150,000,000 or thereabouts, of 91-day Treasury bills, to be dated Feb. 4 and to mature May 6, 1942, which were offered on Jan. 30, were opened at the Federal Reserve Banks on Feb. 2. The following details of this issue are revealed:

Total applied for ______ $410,057,000
Total accepted ______ 150,092,000

Range for accepted bids:

High—100.

Low — 99.937. Equivalent rate approximately 0.249%.

Average Price—99.944. Equivalent rate approximately 0.220%.

(89% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Feb. 4 in amount of $150,098,000.

Final Edition THURSDAY In 2 Sections — Section 2

The COMMERCIAL & FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

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On The Foreign Front

European Stock Markets

Prices of securities in the London stock market moved entirely on the pivot of war news in recent sessions, with the general tone easy. Although the United Nations are girding themselves for unlimited war and will doubtless manage a turn of military affairs before long, the Far Eastern situation is such as to occasion concern in a market like that of London, where all developments find instant repercussion. The unsettling reports of the siege of Singapore kept dealings to a minimum, this week.

Levels were well maintained on the London Stock Exchange in the final half of last week. South African gold mining shares fell, on reports of sabotage, but steadied again when it appeared that little damage to the mines had resulted. When business was resumed, after the week-end, London was faced with the fact that Singapore is beleaguered, and a general downward drift of quotations followed. The tone finally improved yesterday, after disclosure of vast plans for the relief of Singapore and restoration of the Far Eastern situation.

Reports of activities on European Continental markets remain sparse. A reflection of the situation in France was available, however, in the report to the annual stockholders meeting of the Bank of France. This report emphasized the startling advance of circulation and the dangers inherent in the tendency. A flight from currency is in progress everywhere in Europe.

Grand Strategy

Decisions as to the grand strategy of the United Nations in the war against the Axis aggressors plainly must be made by President Roosevelt and Prime Minister Churchill, in collaboration with their expert advisers. Although this is generally understood, a good deal of restlessness has been occasioned by the ap-

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FROM WASHINGTON AHEAD OF THE NEWS

War is a crazy thing, of course. Crazy things happen in war. One of the craziest in this war concerned the recent episode of a man who had a $7,000,000 contract from the Government. He wrote to one of Donald Nelson's men that his workers were disgruntled. He thought something should be done for their morale. The best thing he thought that could be done was to put uniforms on them. Investigation revealed that he was one of the leaders of the Knights of Kamelia, one of those Ku Klux Klan things. This fellow naturally thinks in terms of uniforms.

For your information, there are exactly 24 agencies around Washington studying the question of what we shall do after the war. The conclusion of all of them is more Government spending.

Most important of the lot and the one most concentrating on post-war Government spending is the National Resources and Planning Board, headed by the President's uncle, Frederic A. Delano. One of the members of the House Appropriations Committee recently wanted to cut out its annual appropriation of some $100,000. The Chairman, Representative Cliff Woodrum of Virginia, the best piano player in the House, overruled him on the grounds that it would make Mr. Roosevelt angry.

Anyway, the Delano agency has repeatedly warned that many of the changes being effected in the national economy because of the war will be permanent.

In this connection, it is interesting to note a most drastic change which is approaching and which, according to indications, will occasion outbursts from some Republican members, but which in the end will in all likelihood be effected.

This is the proposal to make one economic unit out of all of the American continent. In December, representatives of this Government working at the direction of the President, and in

(Continued on page 583)

Index To Be Published

An index covering material published in the "Financial Chronicle" during the months of September, October, November and December will be mailed to all "Chronicle" subscribers in the near future. Hereafter indexes will be published each quarter, as they have in the past. These indexes will, of course, prove particularly helpful to those subscribers who bind their copies of the "Chronicle." Thus, we wish to point out that before adoption of the new form in which the "Chronicle" is now published extensive experiments in binding were made. As a result, it has been demonstrated that the new quarterly bound volumes are thinner and easier-to-use—and being thinner, they open flat which makes them easier-to-read. More than ever before, the "Financial Chronicle" is adaptable for binding for permanent reference purposes.

GENERAL CONTENTS

THE FINANCIAL SITUATION

As staggering as the costs of winning this war will obviously and inevitably be, yes, even as almost incomprehensible as will probably be the sum when to the cost of winning the war are added the unnecessary non-defense outlays which apparently are destined to continue despite all protests, thoughtful observers are beginning to wonder if the cost of "winning the peace," as the popular saying now goes, may not be about as great, possibly even greater. For a long while Mr. Chamberlain and later Mr. Churchill refused to be drawn into any extended discussion of their "war aims"—or, to put it in another way, the character of the peace settlement which they envisaged after the fighting was finished—insisting that the obvious and urgent task was to win the war. An expression of their conviction that complete destruction of "Hitler and Hitlerism" in Europe was the essential aim of hostilities was about as far as they cared to go in this direction. Indeed the British Government is still reticent on the subject, save as it has thought it wise to yield in deference to President Roosevelt and in satisfaction of popular feeling in the United States.

Not so, however, with the Government of the United States. The so-called Atlantic Charter, wrung, one suspects, from a reluctant Churchill, was but a culmination of a long campaign by President Roosevelt to bring sharply into the foreground his ideas of how the post-war world should be designed and shaped by the victorious democracies, among which Russia appears now by some sleight-of-hand to be included. At that time, of course, President Roosevelt, or any one else from this country, could claim an influential voice in any post war settlement and world management only by virtue of "aid short of war" liberally granted under lease-lend and similar arrangements, but it was obvious

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? ? ?

With the passage of the Price Control Act, the Office of Price Administration and the Department of Agriculture intend to spare no effort to prevent inflation. These two agencies share this important responsibility and we are in complete agreement as to objectives to be achieved. * * *

If inflation is to be controlled, it is now especially important that effective, positive steps be taken to stabilize the cost of living. The Department of Agriculture and the Office of Price Administration intend to pool resources to do all they can to accomplish this end. * * *

The Office of Price Administration will use its powers to see that prices of the things that farmers buy are held down, so that farm production will not be restricted by unnecessarily high production costs.

A high level of production will not in all cases be sufficient. Where prices get out of line the Office of Price Administration, with the advice and assistance of the Department, will establish maximum prices. In such cases it will see that this protection is afforded all the way through the channels of distribution to the ultimate consumers. In those cases where there is not enough to go around, steps will also be taken to assure that there is fair distribution to all. * * *

From time to time the Department of Agriculture and the Office of Price Administration will draw the attention of consumers to commodities which are in relative abundance and to desirable shifts in food habits.

***We should like to repeat that the Government intends to mobilize its full resources for all-out agricultural production at prices fair to farmers and consumers. Our aim is to stabilize living costs and prevent wartime inflation or postwar deflation. We invite the assistance of farmers and consumers in seeing that the job is done.*—Secretary Wickard and Leon Henderson.**

Here ends, if it is ended, one of the strangest interludes in New Deal history.

The public now waits for events to give specific meaning to this joint statement.

Nelson Abolishes OPM; New Organization Has Six Major Divisions

Donald M. Nelson, War Production Chief, on Jan. 21 abolished the Office of Production Management and brought its main functions under a new integrated organization with six major divisions. The new organization, Mr. Nelson said, is an interim plan subject to possible future revision. The six major divisions, with their heads, are:

Purchases—Headed by Douglas MacKeachie.

Production—Headed by W. H. Harrison.

Materials—Headed by William L. Batt.

Industry Operations — Headed by J. S. Knowlson.

Labor—Headed by Sidney Hillman.

Civilian Supply—Headed by Leon Henderson.

Another important branch of the new set-up is a requirements branch, also headed by Mr. Batt, which will advise on allocations of materials.

Mr. Nelson also delegated to Ernst Kanzler, head of the OPM Automotive branch, the direction of the automobile conversion program. The War Production Chief on Jan. 20 called upon the automobile industry to halt production of new cars on Feb. 1 and turn to war production.

A planning board is also created to do the "thinking" for the war production program but will have no administrative functions.

Completing the new organization are a statistics division and a progress reporting division, both headed by Stacy May; a legal division, under John Lord O'Brian; an administrative division, headed by James A. Robinson, and an information division, headed by Robert W. Horton.

According to Mr. Nelson, a contract distributing division, set up to aid small business and headed by Floyd B. Odlum, will be incorporated under the production division. "This," said Mr. Nelson, "is on Mr. Odlum's recommendation. Mr. Nelson added that Mr. Odlum himself "will stay on with me as a special adviser on economic relations."

ABA Mortgage Clinic In Seattle Feb. 19-20

The third in a nationwide series of real estate mortgage clinics sponsored by the American Bankers Association will be held in Seattle, Wash., Feb. 19 and 20, it is announced by Stuart C. Frazier, President of the Association's Savings Division, who is Executive Vice-President of the Washington Mutual Savings Bank of Seattle, Wash. The theme of the clinic will be "Real Estate Mortgage Finance in the War Emergency." The agenda for the meetings is under three principal headings — "Insured Mortgages and Construction Loans," "The Effects of the Emergency Upon the Mortgage Market," and "Measuring the Quality of Mortgage Loans." Each of these major topics will be discussed in detail by mortgage loan experts and delegates at the clinic, whose comments from the floor will be welcomed. Informality will characterize the proceedings of these "working sessions."

Letters of invitation to attend the clinic have been sent to all banks in the clinic area, which embraces Idaho, Montana, Oregon and Washington. The sessions will be under the direction of Dr. Ernest M. Fisher, the Association's Director of Research in Real Estate and Mortgage Finance. The "question and answer" procedure will be used extensively throughout the conference, and banks in the clinic area have been invited to send questions to the Association's Savings Division in New York, for discussion at the sessions.

Editorial—

Connecticut Speaks

A special election has just been held in the State of Connecticut, with results that must afford satisfaction and encouragement to comprehending citizens who do not believe that the highest word in efficiency and statesmanship has yet been spoken in Washington. The object was to designate a Representative in Congress in succession to Honorable John Joseph Smith. As a New Dealer, running on the Democratic ticket, Mr. Smith was first elected in 1934, and he was re-elected in 1936, 1938, and 1940, with substantial majorities, except in 1938. In that year he barely survived Connecticut's revolt against the spending spree in Washington, which gave his State a Republican Governor and Senator. In 1940, however, that revolt encountered the new concentration upon foreign affairs and succumbed before what appeared to some as the final defeat of even moderate opposition to the Presidential policies, whatever their mutations. Mr. Smith, in consequence, obtained his third re-election, receiving 54.92% of the vote cast in his district, with a clear majority over all opponents of 11,255. But thick-and-thin supporters of the New Deal are preferred aspirants for appointments to the Federal Judiciary and late in 1941 announcement of Mr. Smith's resignation to accept designation as a United States Judge surprised no one. Perhaps if the results of last Tuesday's election had been foreseen in the White House the appointment might have been withheld. But the President did create the vacancy and the election to fill it was held on Jan. 20, resulting in a demonstration of an almost revolutionary revulsion in public sentiment and the election of a Republican, Honorable Joseph E. Talbot, the Democratic candidate receiving only 43.87% of the vote cast and falling beneath the weight of a plurality of 3,615.

Connecticut's representation in the Senate is already worthy of its long history of courage as a Colony and independence as a sovereign member of the Federal Union. Senators Danaher and Maloney, the former a Republican leader and the latter a Democrat with really democratic convictions, have consistently refused to become lackeys of the New Deal and have struggled persistently against its vagaries and excesses. The new Representative, it can be hoped, will strengthen their hands by his co-operation. Then, it may be anticipated that with the coming of the November elections, the faithful trio will be augmented to the full strength of the State's delegation in Congress. Last week's special election may well mark the turning of the tide.

A Significant Reversal Of Public Opinion

The Fifth Congressional District of Connecticut presents an interesting cross-section of the voting public of New England. It includes all the 26 towns of Litchfield County and 11 of the 27 towns of New Haven County, embracing most of the busy manufacturing communities of the Naugatuck Valley and the dairying and residential sections, less completely industrialized, of the Litchfield Hills and the region drained by the northern half of the Housatonic River, until it passes into Massachusetts. This district is undoubtedly typical of at least the whole of Southern New England. Voters there think very much as they do everywhere throughout that portion of New England, very likely much as they do in most of the area westward and southward to the Missouri River, the James River and the Ohio River. Both candidates, the Republican who was elected, and the Democrat who went down to impersonal defeat, were men of character and culture, trustworthy and efficient, and well and favorably known throughout the whole district. Both had sufficient political experience and had held political offices in which their conduct and qualities had appeared completely above criticism. As gentlemen of refinement and culture, in vigorous age, and admirably equipped to serve in the highest fields of Federal legislation, there was but little, if any, reason for preferring one over the other. The campaign was mildly conducted, without resort to any of the arts of the demagogue, without abusiveness, without violence of criticism or recrimination, without heat or excitation. The successful candidate took substantially the ground on which Abraham Lincoln, during his single term in Congress, approached the problems of the Mexican War, of the origin of which he disapproved, namely, that when the United States is at war, its armies must be supported without question and everything subordinated to the promotion of their efficiency and ultimate triumph. He urged strongly the value and importance of fearless independence in the Federal legislature and the irreplaceable utility of a capable and loyal opposition in Congress. In short, if ever an election for Congress occurred in which the voters were encouraged to rise above mere controversy and, as intelligent and reasonable men and women, to support the highest welfare of their country, such an election was held last week in Connecticut. There was no reason why voters entirely satisfied with the New Deal and the leadership of President Roosevelt should not have supported the candidate on the Democratic ticket, and unquestionably they did. On the other hand, it is equally plain, that those who do not believe in the inspiration of the New Deal and consider some of the acts and policies of that leadership to be seriously questionable, even during the stress of war, were encouraged to vote for, and most of them did vote for, the Republican candidate. The test was unqualified, the inquest was fairly conducted within

Editorial—

Foreign Bonds

There is a modest revival afoot of an old and curious controversy, which throws much light upon the considerations that guide the Securities and Exchange Commission in its administration of various enactments. The New York Stock Exchange has approached the Commission with a view to relisting of the score or so of foreign dollar bond issues, still outstanding out of the forty-three issues which had to be dropped in 1936. Quite aside from any relative merits of listed or counter trading, this incident reflects the blundering and lack of comprehension that often has marked SEC practices and rulings.

On May 15, 1936, the deadline was reached for registration by foreign obligors of dollar securities which such obligors desired to have continued in the status of listed trading in the United States. The Securities Exchange Act called for such registration, but provided the Commission with a good deal of discretion as to the information to be filed by foreign obligors. Rather rigorous standards were set up, however, and these were not relaxed at the time, even though it soon became apparent that many of the obligors would not care to bow their sovereign heads at the insistence of an administrative agency of the United States Government.

That was a time, it must be remembered, when war clouds were not viewed anxiously in Europe or the East, and when the prospects of a resumption of private financing in our market for foreign borrowers were good. Some strenuous efforts were made to obtain a modification of the SEC demands for disclosure of intimate financial information by foreign sovereigns, to the end that listed trading could continue.

Efforts also were made to have the foreign obligors file the required registration statements, and to a large degree they were successful. But the sovereign Governments of Great Britain, Bolivia and El Salvador did not see fit to register, and various provincial and municipal regimes in no less than seventeen countries also neglected the demands of the Commission. A total of forty-three issues, out of the 378 then listed, disappeared from the roster of the New York Stock Exchange.

It is fit to note here a bit of unrecorded history that illuminates the absurdity of the SEC position. Bolivia at that time was engaged in a long and exhausting war with Paraguay, over the Chaco area. As an important debtor here, Bolivia was urged to file, but hesitated to do so on the ground that the financial information desired by the SEC, and made generally available after filing, might be of aid to its enemy of the day. Even this consideration failed to occasion a modification of the Commission requirements, and Bolivian issues went off the Big Board, along with the rest.

Nor was the SEC more cooperative, for a long time, with respect to the registration requirements on new foreign issues under the Securities Act, as amended. Canada, Argentina and a few others finally overcame their reluctance to compliance with provisions of American law and regulatory procedure, but others refused to compromise their sovereignty to this degree. Much financing by Canadian provinces and municipalities was lost to our market in consequence.

Now that the New York Stock Exchange has approached the Commission for restoration of formal trading in the issues delisted in 1936, the opportunity is before the regulatory body to review its entire stand on foreign obligors. The position to be taken well may have a highly important bearing upon international financial relationships in a score of directions. It may also indicate whether private foreign borrowing is to gain sensible encouragement, as against the political loans which now are the rule and which always plagued European relationships in the heyday of political lending there.

the highly representative electorate, the verdict is plain and essentially indisputable.

In 1940, as candidate for a third term in the Presidency, Mr. Roosevelt carried only seven of the 37 towns in this Congressional district but they included the six having the greatest population and as a whole the district gave him a total of 61,663 votes against 52,369 for Mr. Willkie. The Congressional candidate, Mr. Smith, ran a few votes better than the President in nearly all the towns and received an aggregate of 62,783 votes in the district. Neither, however, won a majority in any town in which the other did not similarly prevail. Last week four of these seven towns, Plymouth and Torrington in Litchfield County and Naugatuck and Beacon Falls in New Haven County, went heavily Republican and together gave the Democratic candidate for Congress only 37.04% of their votes, as against 60.48% for Mr. Smith in 1940. This change, with diminished majorities in the other three, reduced the Democratic proportion of the total for all of them from 61.59% in 1940 to 48.46%. Waterbury, the most populous town in the district, remained, as usual, Democratic, but it gave the Democratic candidate only 2,898 over his Republican opponent instead of the plurality of 10,859 that it contributed in 1940. Torrington, next largest, produced a Republican plurality instead of the Democratic excess of 2,726 of the earlier year. Ansonia, third in population, gave a meager 39 over the Republican vote although two years before it had supplied 1,942. The Democratic losses were pretty evenly distributed throughout all the towns. The district has, altogether, among its 37 towns, seventeen in each of which there are fewer than 1,000 registered voters. All but one of these smaller towns was Republican in 1940, everyone of them went more enthusiastically Republican last week. Combining the results in all of them, shows that in the aggregate, the Republican vote of 1940 exceeded the Democratic vote by 69.64%, while in 1942 the Republican excess had risen to 179.42%.

The Light Vote Not Responsible

Of course, the vote was light. Voting is never as heavy in special elections as in those regularly held, in which there are more offices to be filled, more candidates actively campaigning for support, and more of the mass contagion that invariably arises when a general election renders politics epidemic from coast to coast. And even the alternate general elections, held during the "off-years" in which Presidential electors are not designated, are notoriously certain to produce a smaller total vote than those of the years in which Presidential candidates are before the public. Wishful Democratic thinkers, and propagandist artists employed by the New Deal, are already assigning the light vote as an excuse for this disaster to their cause in Connecticut's Fifth Congressional District. Their argument cannot withstand intelligent analysis. It is specious and essentially false. This can readily be demonstrated. Those who offer this untenable explanation for the New Deal defeat unanimously agree in representing that the reduced vote was principally in the manufacturing towns that are said to be more commonly Democratic and argue, contrary to all facts and experience, that it is easier to get a full vote to the polls in the rural or less densely populated regions than in the larger towns. This is scarcely plausible at any time, and, as applied to last weeks election it is not at all in accordance with the facts. Seven towns, as has been said, mostly towns of large population, were carried by President Roosevelt and former Congressman Smith in 1940. These seven towns have, altogether, 90,116 registered voters. All the rest of the Congressional district has 38,980 registered voters. Last week rather more than one-third of the 90,116 voters, actually 36.22%, in the seven towns formerly furnishing majorities favorable to President Roosevelt went to the polls and voted either for the Republican candidate or for the New Deal candidate, plus an almost negligible number who supported a third candidate. In the whole balance of the district, with its 30 towns that are only rarely, if ever, inclined to go to the Democrats, less than one-third of the registered voters, actually only 31.24%, went to the polls and voted for one or the other of these three candidates. If anyone who is aware of these facts, which are easily accessible, continues to claim that the verdict against the New Deal is a consequence of the characteristically small vote of the special election, he is simply advancing the only argument that he can think of to avoid the inevitable implications of the truth, and one that he knows to be entirely misleading. Sound citizenship everywhere should be heartened by the Connecticut result and should recognize that there is abundant reason to regard the violent turn-over in the Fifth district of that State as evidence of a much wider sentiment which, granted effort and courage on the part of those who think clearly and act patriotically, is reasonably sure to establish a safe and sensible majority in the Seventy-Eighth Congress, which is to be elected on the third day of next November. Such a majority cannot fail to put an end to the abdication of legislative authority in favor of the Executive Department and at once to reassert the commanding position of Congress as an independent and co-ordinate branch of the Federal Government.

Editorial—

Assignats, Old and New

Students of history, those worthy of the name, who attempt to delve deeper than the superficial teachings of high schools and colleges, cannot fail to discover that while private enterprise makes many and sometimes very costly errors it never insists upon persistent repetitions of the same errors. On the other hand, and equally, they do not fail to find that governments, often the same governments, their personnel not always completely changed, time after time and with continually renewed enthusiasm, resort to the same nostrums, fall into the same traps of discredited economic or political doctrine, pay the same penalties today for the identical and egregious errors that their fathers made a short generation or so before. The failures of the past having vanished from the memories of all but the better instructed few, who are mostly without much influence, especially under democracy, the arguments that previously led to these failures appear to popular leaders and demagogues as the brightest of scintillating new ideas. These arguments, revamped but basically unchanged because they are changeless, are passed on to the masses; the exploded expedients that frequently before caused disaster are again supported and undertaken; new catastrophe is invited and inevitably appears.

Nothing better illustrates this defect of popular government than the ever-recurrent resort of the governments of the world to the never-successful and always costly device of irredeemable paper currency—printing-press money not representing any metallic base, possessing no intrinsic value of its own, not exchangeable into anything of genuine value except at the whim of fluctuating markets. Not in one instance in all history has that discredited device, unless wisdom perceived the inevitable before it arrived and interrupted the process prior to the complete debacle, failed to achieve unmeasured and widely pervasive injury. Its actual result is to reduce real wages and the prices of agricultural and other products of labor and capital to the vanishing point, to sabotage industry and trade, to undermine all standards of living, to bring about industrial demoralization and commercial stagnation. Yet this crude and repeatedly destructive expedient of governments unintelligently controlled or directed, or betrayed by dread of the consequences of reckless expenditure and accumulating indebtedness, is never very long without illustration in the practice of some supposedly enlightened and civilized nation.

John Law, 1716-1720

John Law, the sophisticated Scotch gambler and duelist, convicted and sentenced to death but with the extreme penalty commuted to imprisonment for life, escaped to Holland and entered France, during the last decade of the reign of Louis XIV. That monarch, weighted down by the excessive costs of his wars and the extravagance of his Court, at first listened to the proposals of this financial quack, then gave way to wiser instruction or yielded to the bigotry of Madame de Maintenon, and refused to have further dealings with a Protestant. Law was expelled from France, by the police, as a suspicious character. But Louis XIV died in 1715, and Law returned to beguile the Duc d'Orleans, who was Regent during the minority of Louis XV, and to establish *La Banque Generale*, subsequently *La Banque Royale*. Operating soundly at first, its notes redeemed upon demand in coin of the weight and fineness of the dates of issue, the bank prospered. Its success was assisted by the weaknesses of the official monetary system and the absence of public confidence in the Government's coinage, attributable to known trickeries in the mintage. Law's bank notes were, for a while, preferred even as a medium of current exchange, "for they had the element of fixity of value, which was, owing to the arbitrary mint decrees of the Government, wanting in the coin of the Realm." Gradually, however, the Bank extended its operations and consolidated its activities with the fiscal activities of France itself until, in all these essentials, the Government and John Law became one, the former widely and heavily in business through the bank, the latter the ultimate head of French industry and commerce, then extending throughout America and Asia and into Africa, as well as over Europe, partly through the offices he held and partly through the political concessions he had obtained. On January 5, 1720, his power and prestige were at their

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Outlines Realtors Part In War Effort

"You and I must be interested in victory first. All other things must be second," said David B. Simpson, Portland, Ore., President of the National Association of Real Estate Boards, on Jan. 31, renewing in his inaugural address the pleage made by the Association at its annual convention for wholehearted support of the Government in the war effort. Making a strong plea for national unity, which he said must now be the primary consideration in all the Association's decisions, Mr. Simpson said realtors may well be proud of the part that is theirs to take in the war effort "in public relationships, in trade relationships, in maintaining a private enterprise system, and in building up a future economy for the United States of America."

Hardships that confront us may be a good thing, he prophesied, in causing us to draw together on a common ground. And, he added, "If our 130,000,000 people are united, there is no power or combination of powers who can withstand them."

Appointment of the Association's executive committee for year 1942 and of chairmen of the principal committees were made by Mr. Simpson.

The Executive Committee is to be made up as follows:

John W. Galbreath, Columbus, O., First Vice-President (member ex-officio).

John C. Bowers, Chicago, Treasurer of the Association (ex-officio).

Philip W. Kniskern, Philadelphia, immediate past President.

Hobart C. Brady, Wichita, Kans.

J. L. Hearin, Tampa, Fla.

Leland P. Reeder, Beverly Hills, Calif., President of the California Real Estate Association.

Stephen W. Sleeper, Boston.

A. J. Stewart, Louisville.

Heads of important committees are as follows:

Hugh Potter, Houston, Texas, continuing as Chairman of the Home Builders Emergency Committee, representing the whole home building industry.

James C. Downs, Jr., Chicago, re-appointed Chairman, Committee on Rental Emergency.

Arthur W. Binns, Philadelphia, re-appointed Chairman, Committee on Housing and Blighted Areas.

Myers Y. Cooper, Cincinnati, re-appointed Chairman, Committee on Real Estate Taxation. (Mr. Cooper, former Governor of Ohio, is President also of the National Council of Real Estate Taxpayers.)

John C. Bowers, Chicago, Chairman of Finance Committee.

Clifford W. McKibbin, Lansing, Mich., re-appointed Chairman, Committee on Realtors' Legal Rights.

Roland R. Randall, Philadelphia, re-appointed Chairman, Committee on Term Realtor.

Paul E. Stark, Madison, Committee an Amendments to Constitution and By-laws.

Name Sturtevant Chief CCC Small Grains Unit

Chester D. Sturtevant has been appointed chief of the Small Grains Section of Commodity Credit Corporation, the Department of Agriculture announced on Jan. 27. For over 40 years Mr. Sturtevant has engaged in grain merchandising and operating country and terminal elevators in Illinois, Iowa, Nebraska, Missouri and Wisconsin. He was formerly President of the Omaha Grain Exchange.

Douglas In War Post—Is Mutual Life Head

Following the announcement from Washington on Jan. 26 that Lewis W. Douglas, President of the Mutual Life Insurance Co. of New York, has been appointed to work with W. Averell Harriman, the President's special representative in London, on distribution and delivery of British and American war supplies, the Mutual Life announced that Mr. Douglas, at the urging of the Board of Trustees, will continue to serve as President of that company. His assignment to war work will be for a period of six months, the company said, during which time he will be available, in so far as possible for consultation and advice on the company's affairs. At the conclusion of his Government work, he plans to assume again the day-to-day administration of Mutual Life's operations.

The company also announced that, during Mr. Douglas's absence, Mutual Life's operations will be headed by Alexander E. Patterson, who was recently appointed Executive Vice-President of the company.

Commenting on the announcement of his Government appointment, Mr. Douglas said:

> I regret greatly this interruption in my work with The Mutual Life, but we are at war, and our first job is to win the war. Moreover, I undertake this war work confident that the company's affairs will be most capably directed in my absence by Mr. Patterson, and his fellow officers, whose experience and abilities qualify them thoroughly for the task.

Mr. Douglas is expected to go to Washington shortly to make a study of British and American war supplies and production. Following this survey, he will divide his time alternately between London and Washington.

Mr. Douglas has been President of The Mutual Life of New York since Jan. 1, 1940. Prior to that date he was Principal and Vice-Chancellor of McGill University at Montreal. He served as U. S. Budget Director from March, 1933, to August, 1934, and from 1927 to 1933 was Congressman-at-large for the State of Arizona.

Kansas City Reserve Bank 1941 Net Down

H. G. Leedy, President of the Kansas City Federal Reserve Bank, announced on Jan. 16 that the net earnings of the bank in 1941 amounted to $331,571, compared with $983,063 in 1940. Current earnings for the year just ended totaled $2,082,480, against $2,159,676 in 1940, while total net expenses in 1941 were $1,816,976, against $1,747,994. This resulted in current net earnings for 1941 of $265,504 as compared with $411,682 in 1940. After additions and deductions, net earnings stood at $331,571, as against $983,063 in 1940. Of this total, $332,072 was available for dividends and reserves. The dividends to member banks aggregated $271,913, and $60,159 was transferred to reserves for contingencies through surplus.

New S. Wales Tenders

Holders of external 30-year 5% sinking fund gold bonds, due Feb. 1, 1957 of the State of New South Wales, Australia, are being invited by The Chase National Bank of the City of New York to submit tenders to the bank for the sale to it of an amount of these bonds sufficient to exhaust the sum of $214,723.17 which is now held in the sinking fund. Prices, it is stated, must not exceed par and accrued interest, and tenders should be submitted before 12 o'clock noon on Feb. 9, 1942 to the Corporate Trust Department of the Bank, 11 Broad Street, New York.

ASSIGNATS, OLD AND NEW

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greatest height; four months later, in May, the entire fantastic structure had collapsed, and soon he was a fugitive, driven from France; on Mar. 21, 1729, he died in Venice, alone, poor, and, for the time, forgotten.

In 1720, on January 5, he was made Comptroller General of the Finances of France. As such, he controlled the collection of all French taxes; the issue and manipulation of the "managed currency" of that Kingdom; all its coinage and the relation of its printing-press money to metallic money; all the apparently great monopolies of French colonization in Asia, Africa and the Americas, with all that country's exterior trade with those continents and elsewhere. But the stock-structure of the Bank and of the incorporated monopolies of world trade, as well as its note issues and the paper currency of the nation, had become inextricably intermixed and confused one with another, and all the paper money was, in practice, irredeemable and exchangeable only into, or with, other paper. One promise to pay was therefore, in reality, only a promise to make another promise of the same, or perhaps a different quality, but after all only a paper promise—a new scrap of paper for an old one. So the bubble burst. Metallic money, succumbing before the flood of printing-press money and bowing to Gresham's irrepealable law, had been wholly driven out of France. Fortunes melted away. The paper currency would buy nothing, neither in commodities nor in labor. Industry ceased; trade became stagnant; poverty and suffering stalked from the Alps and the Pyrenees to the English Channel and to the Prussian frontier. Then very slowly, reconstruction of the essential monetary basis of civilization began. Over many obstacles, and despite the stupidities and selfishness of two dull kings and their governments, the bare minimum of an efficient fiscal system was re-created under Louis XV and feebly continued under Louis XVI.

From Jacques Necker to Napoleon Bonaparte

Came then the vast extravagances of a weak and fated sovereign and his frivolous and tragic Queen, an empty national treasury, a desperate and frenzied Revolution, all the essentials of sovereignty in inexperienced hands, attempted repudiation of everything past with all its lessons and its traditions. The Constituent Assembly had confiscated the vast properties of the churches of France and seized those of the Crown. Money for the civil and military expenses of the Government, nominally still of the King but really of the Assembly, was urgently required and Jacques Necker, once a banker, was the chief fiscal officer. By no means an intellectual giant, but with a superficial knowledge of financial history and doctrines, he thought he could improve upon Law's scheme and obtain its convenient advantages without incurring the worst of its evils—or at least without falling beneath their imponderable weight. What he did was to issue the equivalent in *livres* of some $77,200,000, in Government notes of the denomination of 1,000 *livres* ($193.00) each, called *"Assignats."* These notes, in their earliest form, carried interest at the rate of five percent annually, they were not intended to circulate as money but to be accepted for discount at the *Caisse d'Escomte;* and each, as the name suggests, represented the *assignment* of a fractional interest in the seized and confiscated lands. These issues were provided for by decrees of Dec. 19 and 21, 1790. Before four months had elapsed, by a decree of April 17, 1790, the rate of interest was cut to three percent, denominations as low as $38.60 (reduced further to $9.65 on Oct. 8, 1790) were provided for, and the quality of legal tender had been conceded. The debacle was already in progress. In September, of the same year, the interest-bearing quality was eliminated and at the beginning of 1792 the largest denominations were exchanged for smaller denominations, some of this printing-press money then provided for being in denominations as low as 10 *sous* (965-1000ths of an American cent). The flood emerging from the presses swelled rapidly in volume. By Sept. 22, 1792, almost $386,000,000 of this paper was in circulation; by May 1, 1794, the total was $1,136,963,000; by Jan. 1, 1796, it was $5,308,465,000; by Sept. 7, 1796 (when the bubble burst and counting had substantially stopped), the nominal aggregate had reached $8,796,747,000.

Meanwhile, the upward rush of prices had been a dominating factor in the cruel struggle in which the Jacobin faction destroyed the Girondins and sent many of their ablest men to the guillotine. They had exhausted the capacities of heartless laws and brutal penalties, even the penalty of death, in trying to add functions of value to paper that had no value whatsoever. Purchasing power of the fiat currency fell with increasing rapidity until none remained. By December, 1795, 100 paper *livres* (nominally $19.30) in *assignats* would exchange for only 52 *centimes*, or a small fraction over 10 American cents, in coin. Outside of Paris this paper money would not pass at all. Within Paris it would buy almost nothing, and steadily less every day, and a judge of a court in the district of the Seine, who drew his salary in assignats, died of starvation. Laws to enforce their acceptance and to fix prices were not repealed; they became (Leon Henderson will please note) unenforceable and unenforced—mere dead letters. There followed partial repudiation, a brief effort to supersede the *assignats* by the *mandats,* a new irredeemable paper that had nothing to recommend it except a name not as yet discredited. The failure of this new paper was quite as complete and much more rapid than that of the *assignats.*

The great Napoleon had then come upon the scene and he now gradually acquired autocratic powers in fiscal as well as in foreign and military affairs. He would have nothing to do with printing-press money. Despite difficulties from which most statesmen would have recoiled in admitted defeat, he created, supported, and successfully maintained, a metallic currency with gold coinage. For the duration of his reign, and until after the Bourbon restoration and Waterloo, France enjoyed the incomparable benefits of a sound currency system "maintained at all hazards." And though Napoleon was defeated and died in exile upon St. Helena, of all the nations embroiled in the long Napoleonic Wars (really beginning with the Revolution in 1789 and continuing through the first half of 1815), the French nation came to the period of ultimate peace in the best financial condition.

History's Lessons

The lessons of history should condition, if they cannot exclusively create, the philosophy of today. The United States now possesses the largest store of monetary gold the world ever saw. It is unused gold. It is gold robbed of every function, sterilized as money, sterilized as a commodity potentially useful in the arts. At the same time the circulating medium of the United States consists of the largest volume of substantially irredeemable paper money that has ever anywhere existed. We draw, at present, no conclusion from these parallel and contemporaneous facts. Historians of the future will not overlook them. It may be necessary, in these pages, hereafter to revert to them and to seek to find some catalyst sufficing for their union and correlation.

THE FINANCIAL SITUATION

(Continued from First Page)

enough that the American President fully expected to play a leading role when the time came to talk peace.

Since Pearl Harbor we have been frankly and fully at war "in every part of the world," and by virtue of that fact fully entitled to a place, and an influential place, at the peace table whenever the peace makers foregather. Rarely, if ever, since December 7, 1941, has the President spoken of winning the war without at the same time adding an equally emphatic expression of determination to "win the peace." Now, of course, the term "winning the peace" is one of those tricky phrases or "slogans" so beloved by the American people, which standing by itself could mean almost anything or nothing. In the existing circumstances, however, one can scarcely stand long in doubt of what in general terms is meant by the phrase when used by the President and his close followers, even if details are of necessity as yet lacking. In New Deal, and for that matter in a good many other circles, the idea, if not the term itself appears to have its roots in what happened when what is now known as World War I came to an end. It is commonly said that we won that war but "lost the peace" and more of the same order.

The Last Peace

So much has been said about the inability of President Wilson to bring Lloyd George and Clemenceau around to his way of thinking, or to persuade them to do as he wished, that a great many men and women in this country appear to have forgotten that he likewise failed to convince the majority of the American people of the correctness of his position or to persuade them to confirm his actions in Versailles. Often it appears that the consequences of the Treaty of Versailles are traced to failure to enforce provisions which President Wilson had hoped would presently be eliminated from the Treaty at the same time that they are also laid to the inclusion of such provisions in the first place. Over-riding it all there is the feeling in many quarters that our refusal to join and in large part manage the League of Nations was a cardinal sin which leaves us but little right to criticize. The fact is, of course, that while Wilson strongly disapproved some of the unfortunate provisions of the Treaty, there were others since clearly demonstrated to be quite untenable which were largely of his own devising.

The immediate strategy of the current "winning-the-peace" campaign appears at present at least to be directed at the objectives of out-maneuvering any Lloyd George's or Clemenceau's who may be in attendance when the next world peace treaty is written, and to prepare the ground at home so that next time the American people will not reject what is done. The fundamental Wilsonian notion of a unified management and direction of world politics appears to be accepted as a basic premise whose wisdom may be assumed without argument. At least there is not the slightest disposition shown among the articulate proponents of such ideas even so much as to admit that there is a debatable issue here, and those from whom one might expect a challenge appear to be largely silenced by the strange but apparently popular notion that recent events have proved the exponents of a policy of attending to our own business to be wholly wrong—strange because certainly we have given no such policy even a pretense of a trial.

The technique of this campaign to "win the peace" is familiar enough to all who have observed the New Deal strategists in action. At home it consists largely of iteration and constant reiteration of persuasive catch phrases, of which "winning the peace" is but one. The much publicized "four freedoms" is another. Emphatic assertions that we must see to it that the peace of the world can never be again breached with all the horrors of war is a companion piece. So are the frequent allusions to people who have lost their freedom, and the charge, nowhere in any way demonstrated, that one of the primary objectives of all our enemies has long been the conquest of the United States—a fact we are abjured never to forget when the affairs of the world are being arranged after the war.

Similar methods are employed to influence foreign peoples, but it is here that we also find the familiar tactics of buying support being steadily developed, and it is in this phase of the campaign that we even now are beginning to be given an inkling of what the first costs of the program are likely to be. Lease-lend is obviously furnishing a case in point. This unprecedented arrangement was fostered by the President and supported by the American people as a device through which to defend ourselves from "aggressors" then on the march and allegedly then designing our downfall. Originally it was to be one of those "short-of-war" measures which would help us to defeat certain "enemies" without having ourselves to fight and beat them. At any rate, it was designed as a means of winning the war, and not the peace. Those who have taken the trouble to keep informed, so far as it is possible to do so, about the administration of the scheme have often had occasion to marvel at the liberality with which the intent and purpose of the Act were interpreted, and to grow rather more than uneasy about the free-handed way in which we are casting our bread upon many waters in the apparently vague hope that it will return to us after many days in the form of protection against our enemies. It is safe to say that the world has never seen such profligate employment of the old, old method of trying to buy political support—everywhere in the world.

Lease-Lend and the Peace

But he would be naive indeed who supposed that all this is being done with an eye single to the defeat of Germany, Italy and Japan. It is doubtful if even a full fledged apostle of the modern gospel of profligacy for its own sake could be always free of doubt of the wisdom of some of these gifts—for that is what they are—if appraised solely as a type of war expenditure, and in full consideration of the financial burdens the war is of necessity otherwise laying upon the backs of the people of this country. The thoughtful observer can not escape the conclusion without more ado that "winning the peace" is not infrequently in the mind of the Administration when some at least of these grants are made.

But lease-lend is by no means the full story. Discussions which have centered about the recent conferences in Rio de Janeiro must certainly not be left out of consideration. None of the grandiose schemes brought forward has as yet crystallized into definite programs of action, so far as known, but there is no reason to doubt that they, or some similar schemes, will be developed in good season—and, of course, in these times no one can say what is even now going on behind the scenes. Such currency stabilization schemes and "loans" as have been under discussion could of themselves cost us a pretty penny, and if, as one can scarcely fail to suspect, the powers that be in this country are harboring ideas of permanently "weaning" Latin-American trade from Europe to this country, that is converting a trade which responds to perfectly natural economic forces into one which somehow is made to flow up-hill to or through the United States—well, there is simply no way of estimating the costs that will be entailed in an endeavor which must of necessity ultimately end in failure.

Similarly, of course, with the ideas which appear from time to time of placing the hungry peoples of the over-ridden countries of Europe under our thumb by dangling large food and other supplies before their eyes at the conclusion of the war—supplies which, if we are to take the words of some Washington officials literally, may be offered gratis in the hope that in this way we may be able to win support for some plan of ours to make the world over more to our liking. Even the people of Britain may well by that time be in need of a good many things—the people of Britain who can, if they wish, control any Lloyd George who may be at the peace table, a fact the Washington authorities can be counted upon not to have overlooked. Who in light of the events of the past eight years can feel any assurance that such fantastic ideas, or such incredibly expensive plans or programs, are beyond the imagination or even the acceptance of those now in charge of our foreign policies.

Other Costs

These are, however, but some of the direct costs of "winning the peace" as that process appears to be envisaged in official circles. There are many other necessary and possibly even greater costs. Practically every discussion of the post-war world begins or ends, or has lying implicit in it, the conception of a world dominated by the United States and the British Empire—the so-called English speaking world. These two powers are, apparently, to remain sufficiently armed and in a position to prevent the rise of any power to a point where it could threaten the peace of the world by acts of aggression. According to the idealists they would control the globe not for their own immediate benefit, but as a sort of trustee of peace and justice. Incredible? Ordinarily it certainly would be beyond belief, but the fact remains that the notion finds practically full and frank expression in the Atlantic Charter and in a number of other public utterances in recent months, and, what is more, without doubt has support in quarters which one would normally expect to be far too wise to accept such ideas.

This concept of a modernized Roman peace was, of course, formulated when Russia was playing a role drastically different from the one she now plays. That country by implication at least appears now to be accepted as one of the democracies, or at all events one of the defenders of liberty, however difficult the mental gymnastics required to accomplish such a feat. The notion of a world dominated and ruled by the English speaking peoples, will, obviously, have now to be modified or adapted to the altered situation. This task will in all probability entail gifts that far transcend mere phrase making. Russia, whether or not she finally proves the undoing of Mr. Hitler and his Germany, but more particularly if she does accomplish that feat, is very likely to have ideas about post-war Europe vastly different from those in the White House. It is not inconceivable that soon or late that titanic land will prove to be a very considerable thorn in the side of the British Empire whose continued existence and safety we appear to have underwritten. Without any doubt she will be a post-war force to be reckoned with.

But that problem entirely aside, a few weeks of actual war have demonstrated, if demonstration was needed, how costly it would be to rule the world, or to protect it from aggression from every quarter. For one thing it is now plain as a pikestaff that whatever we may one day find it advisable to do to Japan—assuming of course, that we are in a position to do what we think wise—to render her innocuous, we can never be certain that she will stay in that state without more bases far more strongly held in the far Pacific than we have ever had. Nor would we rest without maintaining naval and air forces easily capable of making our commands in the future respected. Nor does that mean merely the maintenance of large forces. It implies as experience now clearly demonstrates constant attention to the development of improved mechanisms of war. We could never afford to make the mistake that France made in supposing that the art of making war will stand still while science and industry forge ahead. But the case of Japan is but an example. Certainly if experience teaches anything we could not, if we are to play the role to which we are assigning ourselves, leave Europe wholly to our partner in this world enterprise. And what of India and the many other members of the British Empire populated by utterly alien folk? After all, the Japanese constitute but a small percentage of all the people in that distant part of the world. What if presently some of the others launch a program of "Asia for the Asiatics?"

The story might be lengthened almost without limit, but enough has been said to suggest some of the problems of "winning the peace" as those words appear now to be interpreted. The more the matter is studied the more one must feel that the American people would be wise to study it before this movement gains more momentum.

NY Savings Banks Made Many More Mortgage Loans

Mortgage loans made by the savings banks in New York State in 1941 showed an increase of 28% over the previous year according to figures released on Jan. 30 by the Savings Banks Association of the State of New York. The total of new loans was 25,871 as compared with 20,141 in 1940. The aggregate dollar amount of these loans was $209,914,000 as compared with $191,840,000 in the previous year. The statistics gathered, it is pointed out, indicated increased lending activity during each quarter of the year, particularly in placing mortgages on small homes and private residences. The average dollar amount of new loans in 1941 was $8,114 as compared with $9,520 during the previous year. Straight savings bank mortgages continued the most popular. 9,861 of the new loans for $99,148,000 were of this type. There was also an increase of FHA mortgages with 7,041 for $34,676,000, as compared with 6,461 in the previous year. The balance was made up of 7,766 purchase money mortgages for $68,805,000, representing mortgages taken back on the sale of real estate; and 1,203 additional loans for $7,284,000 on mortgages already held.

6,838 loans for $58,473,000 were made in the last quarter of the year, it is pointed out, with practically all of the loans made at rates of 5% or less.

The report stated:

> Savings banks traditionally have been a major factor in financing home ownership and in recent years have successively reported increasing numbers of new loans. However, due to the war situation and the necessary priorities on building, it is anticipated that the financing of defense housing units will, to a large extent, supercede the financing of individually owned private homes. In anticipation of this, the savings banks have recently taken steps to form building companies which can construct and manage defense housing in the areas where it is needed.

CCC To Sell Wheat For Alcohol Output

The Department of Agriculture announced on Jan. 27 that the Commodity Credit Corporation was prepared to sell wheat, in place of corn, for the production of ethyl alcohol, acetone, and butyl alcohol. The Department states:

> Under this plan Commodity Credit Corporation will sell wheat at 91 cents per bushel delivered to processors of the above products. A lower sales price will be made to processors with unusually high conversion costs, but no sales of wheat will be made at less than 80 cents per bushel.
>
> On Jan. 15, 1942, the Department announced the plan of selling corn for the production of ethyl alcohol. Contracts are now being executed under the plan for the period ending March 31, 1942. At that time it may be necessary to limit sales solely to wheat for the production of ethyl alcohol. The revised program, it is explained, will materially reduce the quantity of corn needed for ethyl alcohol.

Payment On Finnish 6's

Holders of the Republic of Finland 22-year 6% external loan sinking fund gold bonds due Sept. 1, 1945, are being notified that $247,000 principal amount of these bonds have been drawn by lot for redemption at par and accrued interest on March 1, 1942. The bonds will be redeemed at the head office of the National City Bank of New York, 55 Wall Street, New York.

The State Of Trade

Business activity shows little or no abatement, with many of the leading industries more than holding their recent high levels. Sharp gains in merchandise loadings and crude runs-to-stills were registered this week, with electric power production continuing to show substantial gains compared with last year. Steel production in the United States is scheduled this week at 97.7% of capacity, indicating output of 1,614,200 net tons of ingots for the week, the American Iron & Steel Institute announced this week. Production last week was 1,607,600 tons, or 97.3%. A year ago output was at 96.9%, two years ago at 71.7% and three years ago at 52.8%. For the first week in January production was at 96.4%, equivalent to 1,592,700 tons.

Complete curtailment of automobile production next month coupled with temporary dislocations in other civilian industries is likely to be offset by gains in production in other lines so that general industrial activity is not likely to suffer.

The adjusted Federal Reserve Board index of industrial production rose to 168% of the 1935-1939 average during December, to achieve a new peak. Production will be maintained at this level at least over the next few months, competent observers believe.

During the spring, production may rise sharply since many new plants begun last fall are scheduled to go into operation at that time. The index may rise to 175 before the first half is over, observers believe, and a peak of 190 this year would not surprise some.

Advance buying by consumers has now shifted to some extent from stapled dry goods lines to processed foods, into canned fruits and vegetables and similar lines. Spurred by the disclosure that sugar will be rationed, the buying has now reached considerable proportions.

It has been anticipated that department store sales for January would run close to 40% ahead of last year. The percentage gain is not likely to be this high, however. The adjusted Federal Reserve Board index of department store sales therefore will approximate 134% of the 1923-1925 average. This would match the previous peak established in August of last year.

Department store sales in New York City last week rose 21% over the comparative 1941 week, according to a preliminary estimate made recently by the Federal Reserve Bank. In the previous week ended Jan. 24th, the bank had reported the increase of this group of stores at 24% above the corresponding 1941 week.

Increased concern by retailers over the "multiple" or rush buying by their customers is leading to individual measures which may result in some slackening of the pace at which consumers have been stocking up. Sales gains over last year consequently may be slightly narrower this month than they were in January.

Many retailers who regard the stock-up buying as unhealthy, are suspending the usual February promotions and even substituting rationing systems of their own in an effort to protect regular customers.

The Department of Commerce estimates that inventories in the hands of manufacturers, wholesalers and retailers aggregated $27,000,000,000 at the end of 1941, an increase of more than 15% as compared with a year earlier. More than a third of this spectacular expansion in inventories last year is attributed to higher prices, and the rest to the increased physical quantities of goods in stock.

Despite a substantial drop in coal traffic, material increases in miscellaneous freight and forest products carloadings for the week ended Jan. 24th, amounted to 817,-804 cars of revenue freight, the Association of American Railroads announced recently. This represents a contra-seasonal improvement of 6,608 cars or 0.8% over the previous week.

The increase over the same week a year ago was 107,052 cars, or 15.1%, primarily as a result of the sharp gain in miscellaneous freight and grain and grain products. The improvement over the same week in 1940 amounted to 167,617 cars or 25.8%.

Total electric power production during the week ended Jan. 24th amounted to 3,440,163,000 kilowatt hours, a decline of three tenths of 1% from the previous week, the Edison Electric Institute reports. The improvement over the corresponding week a year ago amounted to 14.8%, the report showed, compared with a gain for the week earlier of 14.5%.

As we mentioned last week, the labor situation is becoming more and more threatening. It is pointed out that the relatively stable current industrial relations situation is threatened from two directions. Prospective demands for higher wages are one threat. The second is the ever present menace of jurisdictional strife now threatening to break out because of dissension within the CIO.

Students of labor trends now believe John L. Lewis will remain with the CIO despite his recent rebuff at the hands of Philip Murray and the executive committee. Lewis, however, is in a strategic position to create difficulties for the CIO by pressing organization drives through his "District 50" of the United Mine Workers, observers state.

This subsidiary union is now seeking to organize employees in a wide number of fields including chemicals and petroleum. These efforts, observers fear, are likely to lead to collisions with unions already in the field.

The nation's farmers heard straight from headquarters this week that the boom in the market for their products has gone about as far as the Agriculture Department and the Office of Price Administration will permit. Leon Henderson, Price Administrator, and Secretary of Agriculture Wickard disclosed they were in "complete agreement" that the cost of living should be stabilized.

The Department of Agriculture will use Government owned stocks of grains and cotton "to supplement private stocks" and will keep feed prices at levels which will encourage production of meat and livestock products.

The Price Administrator will reciprocate by bearing down on the prices of things farmers buy.

The joint statement did not disclose how high they planned to let farm prices go, but Mr. Wickard provided a clew Saturday when he told the Senate Agriculture Committee he thought "around parity" would be about right.

Corn Loan Repayments

The U. S. Department of Agriculture reported on Jan. 21 that 97,111 loans made by Commodity Credit Corporation, representing 102,587,845 bushels of 1940 corn and 1938-39 resealed corn, were repaid from Jan. 1, 1941 through Jan. 10, 1942.

Repayments were made on 61,-210,535 bushels pledged under loan in 1938-39 and resealed under farm storage, and on 41,377,280 bushels of 1940 corn. There remained outstanding a total of 161,-203 loans on 186,954,806 bushels.

President Criticizes Farm Price Sections Of Price Control Act; Doubts Adequacy

In signing the Emergency Price Control Act on Jan. 30, President Roosevelt issued a statement declaring that enactment of the legislation "does not mean that the battle against inflation has been won" and expressing "doubts as to the wisdom and adequacy of certain sections of the act." He added that amendments to the law "may become necessary as we move ahead."

Describing the act as "an important weapon in our armory against the onslaught of the Axis powers," the President said that "nothing could better serve the purposes of our enemies than that we should become the victims of inflation." He also stated that "the act, taken all in all, is a workable one" and went on to enumerate how it accomplishes its fundamental objectives.

With respect to the farm sections, the President said that "there is nothing in the act to prevent farmers receiving parity or a fair return" but at the same time warned that when prices "go above parity, danger is ahead." The new law permits farm prices to rise to 110% of parity before ceilings could be established.

Mr. Roosevelt concluded by stating that, in addition to price control legislation, it was necessary to have "an adequate tax and fiscal program, a broad savings program, a sound production program and an effective priorities and rationing program" to successfully combat inflation.

On Feb. 2 the President sent to the Senate the nomination of Leon Henderson as administrator of the act. Mr. Henderson has been serving as head of the Office of Price Administration since that agency was created by executive order in April, 1941.

Following is the text of the President's statement:

The Emergency Price Control Act of 1942 is an important weapon in our armory against the onslaught of the Axis powers.

Nothing could better serve the purposes of our enemies than that we should become the victims of inflation. The total effort needed for victory means, of course, increasing sacrifices from each of us as an ever larger portion of our goods and our labor is devoted to the production of ships, tanks, planes and guns. Effective price control will insure that these sacrifices are equitably distributed.

The act, taken all in all, is a workable one. It accomplishes the fundamental objectives of setting up a single administrator and empowering him to establish maximum prices and rents over a broad field, to prohibit related speculative and manipulative practices, and to buy and sell commodities in order to obtain the maximum production.

To make price and rent control effective the administrator is given adequate powers to license persons subject to the act, to investigate and enjoin attempted violations, and to bring about the commencement of criminal proceedings against violators. Civil suits for treble damages by private persons provide an additional enforcement tool.

But a price control measure must fall far short of being a democratic instrument if it fails to surround the individual with safeguards against ill-considered or arbitrary action. This act, while granting the administrator broad powers, imposes upon him a responsibility of equal breadth for fair play. He must, so far as is practicable consult with industry members before issuing price regulations, and must accompany each such regulation by a statement of the considerations upon which it is based.

The provisions for adjustment assure flexibility in administration. Persons adversely affected by an order have a speedy and effective remedy in the emergency court of appeals. The administrator is required to transmit quarterly progress reports to the Congress.

The farm program which has been developed since 1933 has set parity prices and income as a goal. There is nothing in this act to prevent farmers receiving parity or a fair return. But I feel that most farmers realize that when farm prices go much above parity, danger is ahead. One of the best ways of avoiding excessive price rises, of course, is abundant production. And I hope agricultural prices can be maintained at such a level as to give farmers a fair return for increasing production.

In giving my approval to this legislation I am acting with the understanding, confirmed by Congressional leaders, that there is nothing contained therein which can be construed as a limitation upon the existing powers of governmental agencies, such as the Commodity Credit Corporation, to make sales of agricultural commodities in the normal conduct of their operations.

In my message to the Congress on Aug. 25, 1941, disapproving the bill H. R. 5300, I pointed out the extreme disadvantages of any action designed to peg prices through the arbitrary withholding of government-owned stocks from the normal channels of trade and commerce.

I further pointed out that the Commodity Credit Corporation should be free to dispose of commodities acquired under its programs in an orderly manner, for otherwise it will be impossible to maintain an ever-normal granary, to protect farmers against surpluses and consumers against sacrit; and that to restrict the authority of this corporation would greatly increase its losses, nullify the effectiveness of existing programs, and by breaking faith with consumers be inconsistent with our present price-control efforts.

I also should like to call attention to the fact that I am requesting the departments of the government possessing commodities to make such commodities available to other departments in order to aid our war effort. This request, primarily, will affect the cotton stocks of the Commodity Credit Corporation and will permit such stocks to be utilized, directly or by exchange, in the production of war goods. Such transfers will be in addition to the quantities which are now available for sale.

The request will also include grain and other commodities which may be needed by the departments concerned. The enactment of price control legislation does not mean that the battle against inflation has been won. I have doubts as to the wisdom and adequacy of certain sections of the act, and amendments to it may become necessary as we move ahead.

Moreover, price control legislation alone cannot successfully combat inflation. To do that, an adequate tax and fiscal program, a broad savings program, a sound production program, and an effective priorities and rationing program, are all needed.

Finally, all bulwarks against inflation must fail, unless all of us—the business man, the worker, the farmer, and the consumer—are determined to make those bulwarks hold fast. In the last analysis, as Woodrow Wilson said, "The best form of efficiency is the spontaneous cooperation of a free people."

New War Labor Board Pledges Responsibility

The new National War Labor Board, at its first meeting on Jan. 16, pledged to President Roosevelt its full responsibility for assuring maximum war production "without interruption until victory is achieved." In a resolution transmitted to the President, the Board resolved itself to settle war industry-labor disputes "peacefully, fairly and finally." The 12-man Board decided that, for the present, it will act only for the "final determination" of disputes which "cannot be settled by mediation or voluntary arbitration." The Board will not participate in mediation but will delegate that task to associate members, soon to be appointed. At its initial meeting the Board also decided against the appointment, at this time, of "umpires" to handle labor disputes. Wendell L. Willkie, James A. Farley, Alfred E. Smith, Charles Evans Hughes and others of national prominence had been suggested as possible "umpires."

The Board's resolution transmitted to the President read:

The members of the War Labor Board assembled for the board's first meeting on Jan. 16, 1942, hereby resolves to discharge to the best of their ability the responsibilities which have been placed upon them to the end that labor disputes may peacefully, fairly and finally be settled, and that maximum war production may continue without interruption until victory is achieved.

On Jan. 26 the President appointed 24 associate members of the War Labor Board, authorizing them to act as mediators in any labor disputes under the Board's direction. The Board, which is headed by William H. Davis, was created on Jan. 12 (see issue of Jan. 15, page 242).

The associates, named in an Executive order, were:

John F. Cuneo, President, Cuneo Press of Chicago; Joseph McDonough, Secretary-Treasurer A. F. of L. Metal Trades Department; Frank Tobin, Washington representative of International Teamsters Union; Hugh Lyons, Massachusetts State CIO Director; S. H. Dalrymple, President of the United Rubber workers of America.

James Carey, CIO Secretary; John Brophy, Director of the CIO Industrial Unions Counsels; Mrs. Anna Rosenberg, Regional Director, Social Security Board, New York; Prof. Paul Dodd, University of California at Los Angeles; Dean Lloyd Garrison, University of Wisconsin Law School; Prof. Fowler V. Harper, University of Indiana.

Chief Justice Walter P. Stacy, North Carolina Supreme Court; Prof. I. L. Scharfman, University of Michigan; Ralph T. Seward of Washington, D. C.; Richard J. Gray, Secretary, International Bricklayers, Mason and Plasterers Union; William W. Waymack, editor, Des Moines "Register and Tribune"; Cyrus Ching, Vice-President of the U. S. Rubber Co.; John E. Connolly, New York; H. L. Derby, New York; T. R. Jones, President, American Type Founders, Inc.

Dale Purves, Treasurer, John B. Stetson Co.; F. S. Fales, Standard Oil Co. of New York; Rolland J. Hamilton, Secretary-Treasurer, American Radiator and Standard Sanitary Corp., and Fred Hewitt, editor, "Machinist's Monthly Journal."

Civilian Consumption At Depression Levels Seen By Nat'l Industrial Conference Board

The average consumer's standard of living will have to be reduced to depression levels to meet the President's war production program, according to an analysis of war consumption recently completed by the Division of Industrial Economics of The Conference Board and made public on Jan. 28. Goods and services remaining for civilians under a maximum war effort would amount to only $56,000,000,000. This is no more than the total consumption expenditures of the nation in 1933, after correction for price changes. The announcement also added:

In 1933 consumers required about $357 per capita to maintain a depression standard of living. Since then the cost of living has increased by almost 25%. Today the depression standard of living would require about $427 per capita. The war production schedule would leave just about that amount for civilian per capita consumption. Consumption will be cut so sharply, according to this study, that the total flow of new goods and services to civilian consumers may be at the lowest level of the past generation. Although it will be adequate to maintain the efficiency and health of consumers, its changed character and lower dollar volume will reduce retail trade and skeletonize the distributive structure for durable goods.

The average maintenance budget for a four-person family headed by an unskilled manual worker is estimated at about $1,465 a year. At this level the family has no automobile, pays $25 monthly for rent, secures an adequate diet at minimum cost, sees a movie once a week, and has no savings other than life insurance. The national average of consumption in wartime would be only slightly higher than this maintenance budget. While a nationwide transition to a maintenance budget is held unlikely, the Board's study indicates that the optional items which have been increasingly present in the American standard of living will disappear for the duration. There is no evidence as yet, however, that wartime consumption must be reduced to a stark subsistence basis.

The Threat of Inflation

Consumers in the coming fiscal year, it is estimated, will have about $2 purchasing power for every $1 of civilian goods and services available. Most of this increase will continue to occur in the lower and middle income groups which in the past have quickly spent almost every dollar they received.

The rate of spending by these groups will be slowed down by war taxes as civilian stocks are reduced. At the same time savings are likely to increase among these groups, whose sole experience in the past is with savings in their simplest and most automatic forms.

The Board's study points out that heavy war taxes in Great Britain include a sales tax of 12% on necessities other than food, and of 24% on all other goods. Despite this toll, well over £100,000,000 a month is raised by war bond campaigns, mostly from small savers.

Under the war production schedule, it is indicated that total national income produced would range from $110,000,000,000 to $115,000,000,000. Including stocks now on distributors' shelves, no more than $60,000,000,000 of civilian commodities would be available. Of the remaining $55,000,000,000 about $27,000,000,000 would be collected by the Federal Government. There would still remain in civilian hands about $25,000,000,000 to $30,000,000,000 of excess purchasing power to push prices upward.

An aggressive Victory Bond campaign will help to absorb this excess income. During the past year, such purchases have accounted for fully 10% of individual income in Great Britain. On the basis of foreign experience and the upward trend of bond sales since Pearl Harbor in this country an annual total of $8,000,000,000 to $10,000,000,000 may be reached.

As a result of such purchases, and of other savings and debt reduction, excess purchasing power may be reduced to no more than $15,000,000,000-$20,000,000,000.

There would still remain an inflationary wedge of $15,000,000,000 to $20,000,000,000 in the hands of consumers. In view of the limited quantity of consumers' goods that will be available for the duration, further taxes or compulsory savings measures may be necessary, if war inflation is to be avoided.

WPB Bars Rubber Use For Non-Essentials

The War Production Board issued an order prohibiting the use after Feb. 1 of crude rubber and latex for a wide variety of civilian goods. The order, it is said, has the effect of reducing the amount of crude rubber and latex available for civilian goods by about 75% below recent annual consumption. The drastic control program affects the manufacture of girdles, toys and novelties, lawn and garden hose, bathing suits and caps, trouser belts, combs, golf and tennis balls and other sporting goods, heels for ordinary footwear, household aprons, and goods made of sponge rubber.

Until otherwise ordered, the WPB provided that no one may sell, trade or transfer any crude rubber or latex, including compounded liquid latex without permission of the Board or the Rubber Reserve Company. Advices to the New York "Herald Tribune," from its Washington correspondent, Frank Kelley, also said:

This is intended to strengthen the Government's control over crude rubber and latex stocks not held by the Rubber Reserve Company.

The control program, issued by J. S. Knowlson, Acting Director of Priorities, provides that except for filling strictly war orders, manufacture of permitted articles is limited each month beginning Feb. 1 to certain percentages of average monthly consumption during the 12 months which ended March 31, 1941. War orders include those for the Army and Navy and other agencies, designated foreign governments and lend-lease contracts.

Fats, Oils Order Modified

The War Production Board on Jan. 25 relaxed its control over fats and oils by eliminating the 90-day inventory clause and substituting a restriction on processing.

The amendment leaves processors free to use their fats and oils to fill contracts for finished products unless otherwise directed by the WPB. The new order prevents processors of fats and oils from producing more of their products than is required to fill orders and to give them a minimum "prac-

First Boston Issues Report—Proposes 100,000 Shares Own Stock Be Bought In Open Market

The annual report of The First Boston Corp. was issued to the stockholders Feb. 2 and shows a net operating profit for the year of $458,591 and, after year end security depreciation adjustments of $179,436 a net income of $279,154.

On December 31, 1941 the total capital funds, exclusive of reserves, amounted to $10,969,494, which reflects the payment in dividends of $800,000 on Jan. 28, 1941 and $300,000 on July 29, 1941, but does not reflect the $150,000 in dividends declared on Jan. 14, 1942.

Allan M. Pope, President, who signed the report reveals that the directors propose that the corporation acquire in the open market from time to time for its own account not in excess of 100,000 shares of its capital stock, if and when it seems to the advantage of the corporation to do so. Mr. Pope further adds:

"In the year 1941 corporation participated in the underwriting or distribution of $1,813,411,140 of investment bonds and stocks to the extent of $129,622,796, in addition to the general day-to-day transactions. The rule requiring competitive bidding on certain issues of public utility securities became effective in 1941 and injected a new method of procedure in the investment banking business with respect to such issues. In the period of adjustment occasioned by this rule, the profits from underwriting made by the corporation were adversely affected particularly because of certain factors which, in the early stages, complicated the competitive bidding procedure.

"No compensation in addition to salaries was paid during the year to any officer or employee included in the participation plan provided for by Article IV of the by-laws. Some of the other officers and salesmen were, according to long-established custom, paid adjusted compensation based on individual performances. All other employees who had served longer than one year received at the end of the year, over and above their salaries, compensation of 6% of the annual salaries received in 1941 in general recognition of the increased cost of living.

"There is no apparent reason at this time to alter materially the present general policy in the conduct of the business. The entire personnel has met ever-changing conditions with commendable foresight and judgment. 23 officers and employees have entered the armed services, entailing an added burden on those remaining, which has been carried with loyalty and fine spirit. In addition, corporation has loaned the full-time services of a vice president to the United States Treasury Department for six months and has also loaned several other senior officers for part-time work in assisting in the sale of defense bonds.

A SUMMARY OF INCOME AND EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1941, FOLLOWS:

Profits (less losses) from trading in securities on own account and in joint accounts, and as participant in underwriting groups (determined on basis of cost)		$2,793,896
Interest and discount earned, and dividends received		354,901
Commissions, service charges, and miscellaneous income		240,124
Total		$3,388,97[illegible]
General expenses		2,445,56[illegible]
Interest on bank loans, etc.		102,15[illegible]
Taxes (including provisions for Federal and State taxes)		369,861
Depreciation of furniture and fixtures		12,747
Net operating profit		$458,591
Security depreciation adjustment		179,437
Net income for year		$279,154
Earned surplus, Jan. 1, 1941		2,790,340
Earned surplus before charging dividends		$3,069,494
Dividends paid, Jan. 28, 1941 ($1.60 a share)	$800,000	1,100,000
Dividends paid, July 29, 1941 ($0.60 a share)	$300,000	
Earned surplus, Dec. 31, 1941		$1,969,494

BALANCE SHEET, DECEMBER 31, 1941

Assets—	
Cash	$4,200,56[illegible]
Cash pledged against securities borrowed	5,490,672
Bankers' acceptances	1,100,000
U. S. Government obligations, direct and fully guaranteed	27,032,403
Other securities, bonds and stocks	9,071,828
Securities carried in joint trading accounts	248,018
Securities sold not yet delivered, at selling price	22,047,716
Miscellaneous accounts receivable and accrued interest	142,240
Furniture and fixtures, less depreciation	43,949
Tax stamps	14,125
Deferred items	21,047
Total	$69,412,563
Liabilities—	
Collateral loans payable	$27,219,054
Deposits on securities loaned	67,944
Securities sold not yet purchased	13,352,973
Securities purchased not yet received, at purchase price	16,722,981
Accrued Federal, State and city taxes	194,692
Due customers	340,192
Miscellaneous accounts payable and accrued expenses	225,975
Reserves for miscellaneous items	19,256
Reserve for contingencies	300,000
Capital stock (authorized and issued, 500,000 shares of $10 each)	5,000,000
Paid-in surplus	4,000,000
Earned surplus	1,969,494
Total	$69,412,563

Notes—Exclusive of certain investment securities which are closely held and not quoted on the market (stated at cost of $2,081,193) the securities owned and the securities sold not yet purchased are stated at quoted market valuations in accordance with the corporation's usual practice, such practice being to state securities at market values only if there results a net depreciation.

Securities having a quoted market valuation of $28,626,000 are pledged as collateral to loans payable; securities having a quoted market valuation of $8,927,700 are pledged as collateral against securities borrowed.

The corporation had contingent accounts as follows: Commitment as a member of an underwriting group to purchase securities, $345,000; securities purchased on a "when issued" basis, $1,491,574; securities sold on a "when issued" basis, $1,495,591.

U. S. And Axis Powers Arrange For Exchange Of Diplomats—To Take Place In Lisbon

It was made known at Washington on Feb. 2, by the State Department that agreements for exchange of American and Axis diplomats have been reached "in principle and in many details." This is learned from Washington advices to the New York "Times" which further said:

The exchange of American for European Axis diplomats will take place in Lisbon—those for Japanese — in Lourenco Mar

In addition, many of the Axis diplomats in Latin America will be assembled in the United States for exchange at the same time. Some have already arrived and are at White Sulphur Springs, W. Va., or Hot Springs, Va., where the German, Italian, Hungarian, Rumanian, Bulgarian and Japanese diplomats have been assembled.

Axis representatives will be transported to Lisbon in a United States vessel which will return to this country with the American diplomats. The vessel will travel under safe conduct of all belligerents, and Portugal has been asked to guarantee the exchange. The time of their movement was not announced.

Similarly, an American vessel will carry the Japanese diplomats to Lourenco Marquez which will return to this country with the American diplomats who will be taken to that port by Japan.

All details are expected to be completed soon.

In earlier advices from Washington (Jan. 20) indicating that the State Department had announced that Germany, Japan, Italy and Rumania had accepted in principle and in some particulars, proposals by the United States Government regarding the exchange of diplomats and consular officers special advices to the "Times" said:

Arrangements with Hungary and Bulgaria have been completed, the Department said, giving some of the details of the understanding with those countries:

The statement said:

"The Bulgarian Government has permitted the American representatives in Bulgaria to depart on the understanding that the American Government guarantees that the former Bulgarian representatives in the United States would be delivered safely in Europe. Such Bulgarian representatives will be repatriated along with the former representatives of other European governments.

"The Hungarian Government has permitted the departure of the American diplomatic and consular personnel to proceed to Portugal on the understanding with the Portuguese Government that that government would allow such representatives to remain in Portugal, not to depart until the arrival there of the members of the former Hungarian diplomatic and consular establishments from the United States.

"Negotiations looking to the exchange of American diplomatic and consular officials for the former representatives in the United States of the governments with which we are now at war are proceeding."

Payment On Rio Bonds

City of Rio de Janeiro (Federal District of the United States of Brazil) has remitted funds to White, Weld & Co. and Brown Brothers Harriman & Co., special agents, for its 6½% external sinking fund bonds due Feb. 1, 1953, for payment of the Aug. 1, 1939 interest coupons at the rate of 13.325% of their dollar face amount. The announcement further states:

Bondholders will receive payment upon presentation of their coupons beginning Feb. 2 at the New York offices of the special agents, at the rate of $4.330625 per $32.50 coupon, in full satisfaction, according to the notice to bondholders. Unpaid coupons maturing Aug. 1, 1931 to Feb. 1, 1934 must remain attached to the bonds for future adjustment under the decree.

This payment is being made in accordance with the provisions of Presidential Decree 23829 dated Feb. 5, 1934, of the United States of Brazil, as re-enacted and modified March 8, 1940 by Decree Law 2085.

60% Of United States World War Costs Found Met By Decreased Consumption

Decreased civilian consumption, which provided 60% of our costs in World War I, has contributed little thus far toward meeting the costs of our present program of war production, according to the Division of Industrial Economics of The Conference Board. The Board's announcement issued Jan. 30, states:

Even in the second half of 1941, the volume of production for non-military uses continued at record-breaking levels. Our expanded war production during the "defense" period was achieved largely by utilizing the previously unemployed margin of men and machines, that is, by drawing upon unemployed workers, by working overtime and more shifts, and by using equipment to a greater degree of its capacity.

The Board's analysis discloses that both Great Britain and Germany are drawing heavily upon civilian production facilities for war requirements. In 1940, the first full year of war, Great Britain obtained from 10% to 20% of her total armament production by the conversion of civilian facilities, while Germany obtained from 20% to 25% of her war output by this means.

Since Pearl Harbor, the report declares, it has been clear that future increases in our production of war materials will be accomplished largely by converting industries normally devoted to the production of peacetime goods. Since only a beginning has thus far been made on the current curtailment program, The Conference Board's analysis recalls our experience with curtailment of "non-essential" production in 1917-1919.

Further details are furnished by the Board as follows:

In World War I, 60% of the $31,000,000,000 devoted to war expenditures by the United States is estimated to have been met by reducing the level of civilian consumption. The plan was to bring about gradual curtailment, rather than a sudden extinction of civilian supplies. A report submitted on June 22, 1918, by a special committee on non-essential industries, which included Mr. Baruch and Mr. Hoover, held that no industry should be absolutely prohibited. The gain from total and sudden prohibition, it was believed, would be trifling as compared with the economic loss both during and after the war that would result from complete curtailment.

Severe curtailment of civilian goods was not begun until the summer of 1918. In August of that year the output of passenger cars in the last six months of 1918 was ordered reduced to 25% of total 1917 output. Similar limitations, of varying degrees of severity, were placed upon the production of many other goods, including pianos, cutlery, stoves, metal beds, boilers and radiators, baby buggies, gas stoves and appliances, talking machines, agricultural implements and farm tractors, bicycles, refrigerators, electrical heating appliances, automobile tires, and ice cream freezers. Eleven other industries were severely curtailed by restricting the amount of fuel they might use.

In Great Britain the so-called "nucleus" plan has facilitated the transition from civilian to war production. Marked reductions in civilian production and consumption have been accomplished and labor, materials, and factory space have been released for war production without completely shutting off civilian production. By this arrangement selected plants in an industry continue to produce civilian goods, but financial assistance is provided to those plants which are closed down.

A forerunner of a similar plan in the United States is seen by some observers in an order issued on Jan. 10 by OPM directing sulphite pulp producers to allocate part of their production to customers of a producer who has shifted to war work.

Mutual Savings Bank Accounts Stabilized

A stabilized total of accounts and deposits in mutual savings banks of the United States was indicated by figures for the last six months of 1941, compiled by the National Association of Mutual Savings Banks. The mutual institutions, which operate in 17 states, at the year end had total deposits of $10,489,679,543, a decline in that period amounting to $116,544,205. Seven of the "mutual states" reported moderate gains. The Association's announcement by Executive Secretary John W. Sandstedt further says:

The practically peak position of mutual savings banks in total deposits was sustained as well in total assets, which amounted to $11,794,289,030, a decrease of $143,974,582. Surplus figures changed slightly, the total being $1,271,263,509, the recession amounting to $13,422,101. Ratio of surplus to deposits remained at 12.1% which continued to afford a degree of protection for depositors substantially higher than in the case of most accumulations of capital.

The number of accounts in mutual savings banks last Dec. 31 stood at 15,738,907, which was 107,250 lower than six months before. This movement had no significance. A million and a half Christmas Club accounts were closed out in December and generally renewed later on. The average of all accounts varied only by a decrease of 32 cents per account, standing at $666.48. Omitting school savings, Christmas and miscellaneous club accounts, the average of regular accounts was $832.60.

Dividend rates reflected investment difficulties, the average on deposits in all mutual institutions being 1.89%.

In commenting on these figures, Andrew Mills, Jr., President of the Dry Dock Savings Institution, New York, and of the National Association of Mutual Savings Banks, stated:

In view of the large public investment in Defense Savings Bonds, it indeed is gratifying that mutual savings bank deposits were so well maintained in the last six months of 1941.

Mutual institutions have done and are doing everything in their power to further purchase of the bonds and especially with current earnings. The success of this effort is proven by the fact that our institutions now have distributed $200,000,000 of the securities and expect to extend that service along broad lines. We are giving full cooperation to the Government. Also I would urge every employed person not to draw upon savings if possible, but to keep this capital intact and add to it as means permit. A savings account is just as vital as ownership of Defense Savings Bonds, which constitute a long-term investment.

N Y Reserve Bank Further Decentralizes Work Of Issuing Defense Savings Bonds

The Federal Reserve Bank of New York announced on Jan. 28 that it is prepared to receive from corporations and from fiscal officers of States, counties and municipalities, which have payroll allotment plans in operation, applications for designations as issuing agents for the sale of Defense Savings Bonds of Series E. The bank will, for the time being, only consider that those applicants having approximately 1,000 employees or more would issue a sufficient number of bonds to warrant such designation. In his circular calling this to the attention of banks and others concerned in the Second Federal Reserve District, Allan Sproul, President of the Reserve Bank, explained that, because of the large increase in sales of Defense Savings Bonds since the outbreak of war and the widespread adoption of payroll allotment plans by employers, it has become desirable, so far as practicable, to decentralize the work of issuing bonds and thereby to facilitate prompt delivery to purchasers. Mr. Sproul's letter further states:

The Secretary of the Treasury has, therefore, authorized this bank, as fiscal agent of the United States, to designate and qualify as issuing agents of Defense Savings Bonds, Series E:

1. Any organization incorporated under the laws of any State of the United States or the District of Columbia making application for such designation; and

2. The Treasurer or Treasury Department or other appropriate officer or office of each State and of each county and municipality thereof, making application for such designation; provided that such applicant has in operation a payroll allotment plan and provided further that in the opinion of this bank such applicant will issue a sufficient number of bonds to warrant designation as issuing agent. The Treasury Department requires issuing agents so designated to deposit with this bank the full issue price of bonds obtained by them on requisition, except that corporations acting as issuing agents will be permitted, in lieu of making such deposit, to pledge with this bank an equivalent amount of direct public debt obligations of the United States, or obligations which are unconditionally guaranteed as to both principal and interest by the United States.

Pursuant to the authorization referred to above, this bank will now receive from corporations, and from the chief fiscal officer or office of any State or of any county or municipality thereof, which have payroll allotment plans in operation, applications for designation as issuing agents for the sale of Defense Savings Bonds, Series E. For the time being, this bank considers that only those applicants having approximately 1,000 employees or more would, if designated as issuing agents, issue a sufficient number of bonds to warrant such designation. Issuing agents so designated may sell bonds not only to employees participating in payroll allotment plans, but also to the general public and to employees making intermittent purchases outside the scope of their payroll allotment plans.

Finds Dividends On N. Y. Stock Exchange Shares Reached Near Record In 1941

Dividend payments on stocks listed on the New York Stock Exchange were at a near record level in 1941, having been exceeded only by the years 1929, 1930 and 1937, according to an article appearing in the January issue of "The Exchange", monthly publication of the Stock Exchange. Disbursements on common shares listed on the Stock Exchange amounted to $2,280,654,000—an increase of 8.4% as compared with 1940 but 16% below 1929's all-time top, the magazine states, adding that listed preferred shares paid $360,367,000—9% higher than in the year before. The theorem which held true in 1941, the publication explains, was that "if industrial output is high enough, corporations can assume the burden of heavier taxes and still pay a satisfactory return to shareholders."

The magazine article continues, in part:

Although dividends weren't at a new peak, they were more widely distributed than ever before in the history of the Stock Exchange; a total of 627 listed common stock issues, and 322 preferred issues, yielded a return. The slight increase in the aggregate amount of the payments, while a considerably larger number of companies were on a dividend basis, refutes any impression of "huge war profits" by a limited number of companies.

Whether 1941's theorem would apply again in 1942 apparently was a large question in the minds of investors at the year-end as they allowed stocks to sell at the lowest price-earnings ratio since 1932. At the close of the year, the entire common stock list was yielding 7.6% on the average, based on 1941 dividends and prices as of Dec. 31. This is the over-all figure for the complete common stock list, including in the computation the stocks which did not pay dividends as well as those that did.

Considering dividend-payers alone, their average yield was 9.3%. Aggregate payments were lower last year in seven of the industrial groups represented on the Exchange. Some sizeable decreases, dictated more by heavier taxes rather than by production cuts, occurred among the land and realty companies, the public utilities and the tobacco companies.

Meanwhile the rubber industry, whose outlook since appears to have become more clouded, increased its payments by 93.6%; the shipbuilding industry by 76.6%; the aviation industry, 66.1%; the steel companies, 49.7%; and the textile industry, 32%.

All told, larger disbursements were made by 300 of the 627 companies.

Steel Has Biggest Dollar Increase

The biggest dollar increases in common dividends were made by the steel industry, whose payments went from $75,725,000 to $113,334,000; the petroleum companies, from $191,039,000 to $233,371,000; the aviation industry, from $29,574,000 to $47,472,000; and the rails, from $143,270,000 to $160,640,000.

Dividends in four industries—public utility, chemical, automobile and petroleum — bulk large in relation to the rest of the stock list, 166 companies in these industries yielding nearly 50% of all common dividends paid.

The 1939-41 industrial spurt has now outdistanced the 1935-37 prosperity. Approximately $6,220,000,000 was distributed on listed common stocks in the later period, against $5,790,000,000 at the earlier time.

Henderson Empowered To Ration Retail Goods Priorities To Knowlson

Full authority to ration all goods and commodities sold on the retail market was delegated by Donald M. Nelson, Chairman of the War Production Board, on Jan. 27 to Leon Henderson, head of the Office of Price Administration. In a directive issued by Mr. Nelson and approved by President Roosevelt, Mr. Henderson receives authority to exercise rationing power over:

1. The sale of products by any person who sells at retail.

2. The sale of products by any person to an ultimate consumer acquiring the products for the satisfaction of personal needs, as distinct from business or industrial needs.

In a statement the WPB explained:

The delegation of authority marks a further step in the preparation for rationing of consumers' products.

Critical shortages exist in many basic raw materials which are more important in war production than in ordinary civilian channels. . . .

Further rationing seems inevitable, and, so far as the civilian population is concerned in its ordinary purchases for personal requirements, the order announced today gives full control to the OPA, although the Chairman of the War Production Board reserves the right to amend the delegation.

Mr. Nelson's directive establishes a distinction between civilian rationing for personal needs and allocation or rationing of goods for war purposes. While the OPA is given authority to operate in the civilian personal field, the order specifically states that the delegated authority would not permit the OPA to control acquisition of products for war agencies, including the armed services or Government agencies and other persons acquiring products for export to foreign countries. The War Production Board will continue to administer the allocation of materials and other war production supplies through the existing priorities system.

With respect to rationing of war materials, Mr. Nelson on the same day (Jan. 27) delegated the power to operate the priorities system and to administer rules under the requisitioning acts to J. S. Knowlson, head of the WPB's Division of Industry Operations. The authority delegated to Mr. Knowlson includes power to issue priority orders and regulations, to compel the acceptance of war orders by producers and manufacturers, to requisition the property of any person or firm which is needed for the war effort, in accordance with Federal statutes, and to approve requisitions of other Federal agencies.

Swope Joining Treasury

Gerard Swope, Chairman of the New York City Housing Authority, announced on Jan. 23 that he had resigned in order to devote his entire time as a special assistant to Secretary of the Treasury Morgenthau. Mr. Swope announced his resignation in a letter to Mayor F. H. LaGuardia, explaining that he had been giving part of his time to the Treasury Department but now had been asked to accept a full-time post in Washington. Mr. Swope, former President of the General Electric Co., had been head of the Housing Authority since December, 1939.

House Committee Concludes Hearngs On Securities Acts; Delay Seen In Drafting Bill

The hearings on the proposals to amend the Securities Act of 1933 and the Securities Exchange Act of 1934 were concluded in Washington on Jan. 27 by the House Interstate and Foreign Commerce Committee, those heard at the concluding session, having included Col. Edward B. Twombly and William B. Putney, 3rd (both of whom spoke for the committee on re-employment of men and money of the Commerce and Industry Association of New York) and Kenneth L. Smith, President of the Chicago Stock Exchange. Both Messrs. Putney and Twombly expressed themselves in favor of the Wadsworth bill, Mr. Putney stating that "in the light of the vast unrestrained powers of the (Securities and Exchange) Commission, Mr. Wadsworth's proposals to reform the administrative process seem extremely mild and reasonable. They would in no wise interfere with the efficient enforcement of the law as it was written by Congress and would not in the least diminish the protection of investors."

Mr. Putney pointed out that "under the present statutes, the SEC is vested with almost unlimited power to make regulations having the force of law and for the violation of which one may incur severe civil liabilities and criminal penalties. It derives this power from provisions in the laws conferring general rule-making powers as well as from specific provisions dealing with specific problems." In part he went on to say:

It is clear that the unrestrained power to promulgate rules is susceptible of gross abuse. It is as dangerous in the hands of men whose judgments may be biased from strong and sincere conviction as to public policy as it would be in the hands of corrupt administrators.

The membership of the Commission is constantly changing. The restraint which has been voluntarily exercised by the Commission in the past may readily be abandoned in the future.

It is essential, therefore, that the citizens who must live under the Commission's jurisdiction should be given some protection, some assurance that their rights will not be wholly disregarded in the pursuit of some theoretical concept of the collective good.

Mr. Wadsworth's proposal prescribes the manner in which rules and regulations shall be prescribed by the Securities and Exchange Commission. Its purpose is to afford any person who may be affected by a proposed rule or regulation an opportunity to be heard before the rule is adopted and also to afford any person affected by an existing rule or regulation an opportunity in good faith to obtain reconsideration of it. This, in the words of the Supreme Court, is one of "the rudimentary requirements of fair play."

* * *

As I conceive of the procedure under Mr. Wadsworth's proposal, it would be something like this. The commission would prepare its rule as it does today by holding informal conferences with representatives of the securities business. When the rule is in satisfactory shape, it would then call a public hearing at which anyone affected by the rule may present his objections to it. This would safeguard all against hardship.

* * *

To assure a fair and proper use of the rule making power, and to prevent favoritism and persecution through abuse of the rule-making power over the years, you must have some reasonable restraint upon that autocratic process.

I urge you, therefore, to adopt the proposal in H. R. 4344 providing for fair and open hearings upon proposed regulations. This provision is essential to prevent arbitrary and unreasonable regulations, and to guarantee fair play to those whose interest may be injured or affected by a rule or regulation. Without in the slightest degree hampering the efficient administration of the law, it provides a safeguard against the arbitrary, capricious and unreasonable exercise of power to the detriment of the liberty and property of the citizen. It represents the democratic way and would curb the present despotic power of the Commission.

Mr. Putney also endorsed Mr. Wadsworths proposals providing for the right of appeal, as to which he said:

It is hard to see how the Commission can object to Mr. Wadsworth's proposal for all of the details of setting up the machinery for such appeals are left to the Commission. In fact, the principal objection to Mr. Wadsworth's proposal is that it leaves so much up to the Commission that the Commission could easily emasculate the right of appeal if it were disposed to do so.

Personally, I do not share this fear. I believe that if this provision is adopted the Commission will faithfully establish a prompt, fair and reasonable procedure as directed by Congress. While I have not always agreed with the Commission's interpretation of the law, I have never doubted that the Commission has consistently and sincerely endeavored to carry out the spirit and letter of the law as it understood it. In fact, my criticism is that the Commission too often goes beyond the letter of the law in endeavoring to put into effect what it conceives to be the spirit of the law.

Mr. Putney, in conclusion said:

Mr. Wadsworth's proposals are particularly important for another reason. With only one exception, the members of the Commission have been men with little or no practical experience in the securities business or in the field of corporate finance. This may be desirable for it may give them a better perspective of the evils to be combatted. But their lack of experience in that field greatly increasses the risk that they may place too little emphasis upon factors which an experienced business man would recognize as most significant, such as, for example, the extent to which an awkward form for registration may impede the flow of capital, or the extent to which uncertainty as to what forms of stabilizing activities are permissible may weaken the securities markets or hamper the sale of new issues. Similarly, their lack of experience in this field greatly increases the risk that they may unknowingly overlook the interests of various individuals affected by their official action. Mr. Wadsworth's proposals offer sound and adequate safeguards against such mistakes.

Col. Twombly's statement was of considerable length, as to which the "Wall Street Journal" in a Washington account said:

Mr. Twombly devoted a large part of his testimony in support of a Wadsworth bill proposal that the SEC be forbidden to publicize, in advance of a closed hearing, unproved charges of violations against corporations, security dealers, etc. To emphasize his point he cited the Transamerica delisting case which has been pending for over three years, with the SEC's allegations yet not adjudicated. The SEC's publication of charges against Transamerica Corp. in 1938 caused irreparable harm to investors, Mr. Twombly said. He produced charts and figures designed to show that a great drop in the market price of Transamerica stock coincided with publication of the SEC's "unproven" charges of false and misleading statements.

Commenting on the proposed amendments to the Securities Act of 1933 with respect to private hearings and publicity Col. Twombly at the House Committee hearing said. As to publicity, the provision reads as follows:

No publicity shall be given by the Commission to any notice, private hearing, investigation, examination, proceeding or order, other than the publication in the Federal Register of notices of hearings, stating the time and place of the hearing and the parties involved and omitting therfrom all evidentiary facts, allegations and charges, and the publication of any final order, decision or opinion as it may deem necessary and appropriate in the public interest and for the protection of investors, nor shall the Commission publish any information concerning any violation or alleged violation until such violation has been found by the Commission, on evidence produced at a hearing held after due and appropriate notice, to exist or to have occurred and an appropriate order issued. Any officer or employee of the Commission who shall publish or disclose, or cause or permit the publication or disclosure of, any information in violation of this section shall be personally liable to respond in damages to any person injured thereby and, if such violation be wilful, shall be subject to the penalties prescribed for a violation of the provisions of this title. The provisions of this section shall not apply to the filing of any papers and the introduction of any testimony or documentary evidence in any action, suit or proceeding in any court of competent jurisdiction.

As to hearings, the provision reads as follows:

All hearings shall be private, except that if the party or parties (other than the Commission) to any hearing shall at any time request in writing that it be public, such hearing shall then be public. All hearings may be held before the Commission or an officer or officers of the Commission designated by it and appropriate records thereof shall be kept. In fixing the time and place of hearings, the Commission shall give due regard to the convenience of, and the expense to, the parties.

These amendments are probably the most important fundamentally of any that have been proposed at these hearings. The fundamental rights and liberties of American citizens guaranteed by the Constitution of the United States have been and are being constantly challenged by the actions of administrative bodies not answerable to the electorate, created by but seldom responsible to the Congress. They are prosecutor, judge and jury. A man can be condemned—ruined—before hearing. The prosecutor having drawn and publicized the indictment then sits in judgment on its own findings. This power—even the threat of the use of it—has kept not only the financial fraternity but industry itself on the uneasy seat. A book could be written on the destructive pre-hearing publicity which the SEC has used during the past eight years. That it is unfair even in the case of the most hardened criminal is borne out by the history of Anglo-Saxon jurisprudence. Criminal libel is a remedy not available against an administrative body. The Supreme Court has decided that an administrative body is not answerable in damages. What then is to preserve a man's reputation and livelihood if he can be publicly condemned without a prior hearing? The damage has been done regardless of the outcome. This type of procedure is foreign to anything contemplated by the Congress, I feel sure. It is a type of policing which approaches the more popular and prevailing European systems. And what does it do to investors? The tragedy of it all is that in the long-last—particularly if the unfavorable condemnatory publicity has been directed against a publicly owned corporation—the curse falls on the innocent investor.

President Smith of the Chicago Stock Exchange told the House Committee on Jan. 27 that the securities markets of the nation "no longer need a policeman" but "they need a pulmotor." Special advices to the New York "Herald-Tribune" on Jan. 27 from its Washington bureau, reporting this, stated that Mr. Smith asked the committee members to force the SEC to change its attitude toward the stock exchange and investment bankers, saying "there is no necessity for additional authority to cope with any situation known as foreseeable."

The "Herald Tribune" advices in part added:

He (Mr. Smith) declared that the House committee could make the SEC change its viewpoint by adopting an amendment to Section 2 of the Securities Exchange Act of 1934, as proposed by Representatives James W. Wadsworth, Republican of New York. The amendment follows:

"Sec. 2. For the reasons hereinafter enumerated, transactions in securities, as commonly conducted upon securities exchanges and over-the-counter markets, are affected with a national public interest which makes it necessary to encourage and foster orderly, active stable and liquid markets for securities upon securities exchanges and in the over-the-counter markets and to this end provide for regulation and control of such transactions and of practices."

"The Congress gave the SEC its instructions when the present laws were enacted," he said. "Conditions have changed. The instructions should be revised. No one thing which the Congress might do could be as helpful to the necessities of the existing situation as to make a revised Congressional declaration of the attitude which the SEC should pursue in its administrative process."

Mr. Smith was particularly critical of the administrative machinery of the Commission, pointing out that the Chicago Stock Exchange has been working with the Commission's staff for weeks on a "simple proposition of making established corporations now dealing in securities, eligible to become members of the exchange."

He revealed the Chicago Stock Exchange and the SEC have been "unable to proceed because the Commission and we so far have been unable to agree that such corporate members must not carry margin accounts and corporate members must segregate customers' free credit balances."

The witness early in his testimony complained that the regional exchanges were not given a voice in drawing up the proposals to amend the security laws. However, he did agree with a number of the changes which the exchanges and the Investment Bankers' Association had advanced. He emphasized particularly objections to granting the Commission additional powers over the exchanges, pointing out that if the committee acted favorably on these SEC suggestions administration of the markets would be taken away from members and exchange management.

At the conclusion of the House Committee hearings on Jan. 27, Chairman Clarence F. Lea indicated that a subcommittee would be named to prepare legislation, it is considered unlikely that this will be ready for the House before several months. In our issue of Jan. 29 we made room for the recent testimony at the hearings by Emil Schram, President of the New York Stock Exchange, President Rea of the New York Curb, Frank Dunne, President of the New York Security Dealers' Association and others, these references having appeared in our issue of Jan. 29, page 409, 410 and 424.

NYSE On Blocked Account

The NYSE directed the members' attention to the fact that beginning Feb. 2 all regular way contracts in bonds issued by governments of countries blocked under Presidential Executive Order, including political sub-divisions, and corporations organized under the laws of such blocked countries, shall be for delivery as provided in Rule 112 of the Board of Governors. The effect of this change, it is explained, is to eliminate the 30-day regular way contracts in such bonds and to revert to the normal method of dealing therein. The Exchange in its announcement says:

Bonds of the following foreign countries designated in Executive Order 8389, as amended, and subject to the provisions of Public Circular No. 6, are listed on the Exchange:

*Austria	Greece
Belgium	†Hungary
†Bulgaria	*Italy
China	*Japan
Czecho-slovakia	Norway
	Poland
Denmark	Yugoslavia (Serbs, Croats & Slovenes)
Estonia	
Finland	
France	
*Germany	

*Suspended from dealings Dec. 12, 1941.

†Suspended from dealings Dec. 19, 1941.

R.H.O'Brien Named to SEC

Robert H. O'Brien of Montana was nominated by President Roosevelt on Jan. 22 to be a member of the SEC for the remainder of the term expiring in June, 1945. Mr. O'Brien was named to fill the vacancy caused by the appointment of Edward C. Eicher, former SEC Chairman, as Chief Justice of the United States District Court for the District of Columbia. The new appointee to the SEC went to Washington in 1933 as a member of the legal staff of the Public Works Administration and joined the SEC staff in 1934. Mr. O'Brien's positions with the Commission have successively included: Assistant Director of the Registration Division, Associate General Counsel, Associate Director and Director of the Public Utilities Division.

Announcement was also made on Jan. 22 that Robert E. Healy will remain as a member of the SEC. Mr. Healy had submitted his resignation to President Roosevelt but, after reconsideration, withdrew it at the President's request. Mr. Healy is the only original member still with the Commission, having been appointed in 1934 as one of the two Republican members.

The Commission now consists of Ganson Purcell as the new Chairman (see issue of Jan. 22, page 326); Edmund Burke, Sumner T. Pike and Messrs. Healy and O'Brien.

Silver Consumption In U. S. And Canada Rises To 80,000,000 Ounces—Handy & Harman

According to the 26th annual Review of the Silver Market, issued by Handy & Harman, of New York, "less than half of the world's 1941 silver production was available to industry in the United States and Canada—an industry which, due to war influences, had increased its consumption of silver for the year to the astounding total of 80,000,000 ounces." "Under such circumstances," says the Review, "the diversion by direct sale to the United States Treasury of any substantial portion of Mexico's silver output would have created a serious situation, and the natural solution was an increase in the market price of silver for industry to a figure above the Treasury's buying rate." "The Mexican agreement and consequent developments," the Review notes, "constituted the only feature of interest in the New York market during 1941." Incident to the Mexican agreement, the Review points out that in New York the market was quiet and steady during the year with the "official" quotation at 34¾c until Nov. 28, when it advanced to 35⅛c., remaining at that figure for the balance of the year. The Review goes on to say.

This advance in price was the result of an agreement between the United States and Mexico which was signed on Nov. 19 and which provided for the purchase by the Treasury Department of a monthly quota of newly-mined Mexican silver direct from the Mexican Government at the daily price quoted by the Treasury on the day of purchase. Inasmuch as the Treasury's buying rate was not raised above the 35c. figure which had been in effect since July 10, 1939, it is interesting to note why this agreement should have caused any advance in the market price.

Because of war conditions, the silver output of Europe, Asia, Africa and Australia was shut off from the United States. Furthermore, the Treasury Department not only absorbed all newly-mined American silver at 71.11c. per ounce pursuant to the law of July 6, 1939, but also bought at its day-to-day rate of 35c. a substantial amount of Canada's production under an agreement with the Canadian Government, plus such amounts of other foreign silver as were offered.

From the Review we also quote:

We estimate silver production of the western hemisphere at 203,500,000 ounces, apportioned as follows: United States, 70,000,000 ounces; Canada, 22,000,000 ounces; Mexico, 79,000,000 ounces; Central America and the West Indies, 4,500,000 ounces; and South America, 28,000,000 ounces. The output of all these countries showed a decline except in the case of the United States where an increase of 3,000,000 ounces occurred, and the total amount fell short of 1940's western hemisphere production by nearly 10,000,000 ounces. Statistics for newly-mined silver pertaining to the rest of the world have not been obtainable since 1939, so that our estimate of 64,000,000 ounces to cover Europe, Asia, Africa and Australia is practically a repetition of that year's figures.

Other Supplies

But little information is available regarding 1941 supplies from sources other than new production. Official reports from the Chinese Maritime Customs covering the first 11 months of the year show that nearly 2,500,000 ounces were exported, of which a scant 200,000 ounces went to Japan and the balance to British India. London received shipments of melted coin from Hongkong, the amount being estimated at 5,000,000 ounces by one of our correspondents. This silver came upon the market in the early part of the year, but subsequent supplies were taken by the Government. Imports of silver from Japan into the United States were permitted through July, and during this period 7,832,000 ounces were received. As this figure is larger than Japan's estimated production for seven months, the excess of about 1,500,000 ounces may be attributed to metal taken from China.

A considerable amount of Indian Government refined silver was shipped to London during the year, of which a part was used to satisfy the trade demand when market supplies ran short, and a larger portion was sold to the British Treasury for coinage purposes. In addition, the Indian Government sold fairly freely in India from time to time.

* * *

United States Purchases

Before commenting upon United States Government purchases during 1941, we wish to revise our last year's estimate of Treasury silver holdings at Dec. 31, 1940, in order to make the amount conform to the official data published subsequently. The figure of 3,135,000,000 ounces originally given by us should be increased to 3,140,100,000 ounces.

We estimate United States Government acquisitions for 1941 at 139,900,000 ounces, the smallest annual total since the inauguration of the silver-buying program, and a decrease of 68,200,000 ounces from last year's purchases. Domestic ores accounted for 69,700,000 ounces, and the balance of 70,200,000 ounces was represented by foreign silver purchased in the open market and under inter-government agreements. The acquisitions of 1941, added to the 3,140,100,000 ounces on hand at the beginning of the year, make a total of 3,280,000,000 ounces, which represents our estimate of Treasury silver holdings at Dec. 31, 1941. This figure includes coin in circulation as well as in the Treasury and banks.

Accretions to the gold stocks of the United States were much less in 1941 than in recent years. Nevertheless, such additions were sufficient to prevent any but nominal progress towards the goal set by the Silver Purchase Act that "one-fourth of the total monetary value of the gold and silver stocks shall be in silver." Instead of the required 25%, the proportion of silver at Dec. 31, 1941, was 15.7%, which compares with 15.6% one year before.

As to coinage, the report has the following to say:

According to advices from London, the Royal Mint coined and exported substantial quantities of silver during 1941, but no amounts are ascertainable. It is believed that these shipments included coinage for the Dominions and the Allies of Great Britain, although the major portion consisted of Maria Theresa thalers for Ethiopia and East Africa to replace the Italian money introduced five years previously.

In Latin America, Panama authorized the coinage of additional fractional silver pieces, and the Central Bank of Ecuador was instructed to mint 5-sucre and 2-sucre coins of silver instead of issuing paper notes for the needed expansion of currency. Mexico used only a scant 300,000 ounces in 1941 to make 1-peso and 20-centavo pieces, but the silver came out of stocks purchased in 1940 and not from newly-mined metal. The United States supplied native coins for Liberia, the Dominican Republic, the Dutch possessions of Curacao and Surinam, and the Netherlands East Indies.

Although the amount of foreign coinage done in this country was considerable, the necessity to operate our mints on a 24-hour basis was caused by the tremendous demand for United States fractional currency which developed during the year, and which, according to the Director of the Mint, was attributable to defense expansion in trade, increased popularity of vending machines, and sales taxes. Between Jan. 1 and November 30, 1941, the value of subsidiary silver in circulation (this excludes nickels and pennies) increased by $61,500,000, equivalent to 44,500,000 ounces of newly-coined metal. It is also of interest that during this same period an additional 8,600,000 ounces of silver in the form of standard silver dollars was withdrawn from the banks. However, no question of silver consumption for coinage is involved in this record-breaking demand for currency by the American people, since no specific Government purchases of metal were necessitated.

The following is also taken from the Review:

Indian Demand

It has been impossible to compute statistically India's absorption of silver in 1941 because of the almost total lack of official figures or even estimates covering imports, exports, and Indian Government sales. The only pertinent information available is that in February and April 3,500,000 ounces were shipped to India from the United States and 875,000 ounces from Canada. Also, it is believed that India acquired most of Burma's production and some 4,000,000 ounces from Australia. The sole basis for our estimate of Indian silver consumption in 1941 is an advice from Bombay which sets the figure at 40,000,000 ounces.

During the past year there has been no indication of any further hoarding of silver coin such as occurred in 1940; nor any criticism, so far as we have heard, of the debasement of the rupee. It would appear, therefore, that the steps taken by the Indian Government have satisfied the demand of the people for more currency and at the same time have provided surplus stocks of silver without the corresponding loss of foreign exchange which purchases abroad would have necessitated.

Stating that "the United States and Canada set a new record by a very wide margin for the use of silver in the arts and industries," the Review says:

We estimate the 1941 figure at 80,000,000 ounces, an increase of nearly 95% over 1940, when the previous high of 41,000,000 ounces for the two countries was established. Canada's proportion of the yearly totals has always been less than 5%, and it was reduced to an even smaller fraction in 1941 because most of the expansion in industrial consumption occurred in the United States. Needless to say, the war was responsible for this tremendous expansion, and its effects, both indirect and direct, were conspicuous in three main fields which may be classified as follows: a greater public demand for articles made of silver; a growing substitution of silver for nickel, copper or other metals under priorities; and a rapid increase in the employment of silver for war work.

Industrial Demand

We have but little information regarding foreign industrial silver consumption. In England the jewelers and silversmiths were busily engaged in the production of a wide variety of items essential to their war needs, but how much silver was used is not disclosed. During the first four months of the year U. S. Department of Commerce reports showed certain exports which may properly be considered as for industrial consumption abroad. The countries of destination and the amounts were as follows: Switzerland, 783,000 ounces; Sweden, 377,000 ounces, Finland, 38,000 ounces; Portugal, 16,000 ounces. We are advised that the trade in Mexico absorbed about 2,000,000 ounces, although such an amount seems large to us.

It is noted in the report that "the substitution of silver for other metals has occurred both in industry and the arts, the purpose being to conserve scarce war materials such as copper, nickel, aluminum and tin."

It is likewise stated that "war requirements also are demanding millions of ounces of silver. This metal is playing an important part in the construction of ships, airplanes, tanks, trucks, guns, shells, bombs, torpedoes and a wide variety of miscellaneous equipment."

In conclusion, the Review says:

With the expected continuance of the war through 1942 at least, it is a possibility that the increased use of silver in that year might raise consumption to a point where a shortage of the white metal would occur, and a consequent advance in price would result. We wish to emphasize, however, that this is merely a possibility and not a prediction.

On the other hand, we do not expect a decline in the price of silver below 35 cents. The Treasury has maintained this buying rate since July, 1939. and there is no evidence of a change in the Government's silver policy.

The following figures of silver production and silver purchases are from the Review:

WESTERN HEMISPHERE
Silver Production
(In millions of fine ounces)

	1941	1940
United States	70.	67.
Mexico	79.	86.3
Canada	22.	25.4
South America	28.	30.
Central America and the West Indies	4.5	4.5
Total Western Hemisphere	203.5	213.2

UNITED STATES GOVERNMENT
Silver Purchases

	1941	1940
Domestic produc.	69.7	68.3
Foreign silver	70.2	139.8
Total	139.9	208.1

Explains Savings, Loan Insurance Program

More than 57,000 investors in savings and loan institutions have been saved or are being saved from loss on their insured savings up to $5,000 through the action of the Federal Savings & Loan Insurance Corp. in carrying out its protective program, Oscar R. Kreutz, general manager of the Insurance Corporation, told the stockholders of the Federal Home Loan Bank of New York at their annual meeting on Jan. 22.

Reviewing the record of the Corporation since its establishment by Congress in 1934, Mr. Kreutz declared that it not only has fulfilled its first obligation of safeguarding investments by the public, but has brought stability and strength to the nation's home-financing structure and increased public confidence. In each of the seven liquidation cases which the Corporation has handled, he said it has taken speedy action to make payment of insurance, and it has not hesitated to make cash contributions to stabilize other institutions which could be saved through reorganizations or merger. Mr. Kreutz also said:

To avoid delay and confusion, the Corporation has evolved a special procedure for 'paying off' shareholders in liquidating institutions. Before offering shareholders of closed associations similar accounts in other institutions, it has made arrangements with the latter for issuance of the shares required, paying for them in cash as they are issued. Shares are then made available immediately to those electing this method of settlement.

There are two methods of settlement open to investors protected by the Insurance Corporation, Mr. Kreutz explained. They may take shares in other normally operating institutions—which they may turn into cash if they so desire—or they may obtain 10% of their investments in cash and the rest in debentures payable in one and three years. "It is significant," said Mr. Kreutz, "that only 11 investors out of more than 7800 in closed institutions have elected the second method of settlement. All others have chosen shares in other insured institutions." Mr. Kreutz likewise said:

The Corporation, which now protects 3,120,000 investors in 2,343 savings and loan associations, was established with a paid-in capital of $100,000,000. Since then it has met 7½ years' operating expenses (including the cost of acquiring over $3,000,000,000 worth of business), all losses to date, and allocated $30,889,677 to reserves and surplus which are invested entirely in Government obligations and securities wholly guaranteed by the Government. The annual income of the Corporation amounts to approximately $7,000,000, consisting of annual premiums paid by insured institutions, admission fees from associations when first insured, and interest on its investments.

The Federal Home Loan Bank of New York is one of the 12 regional Banks of the Federal Home Loan Bank System, which provides a credit reserve for nearly 3850 savings and loan associations and similar thrift and home-financing institutions. Some 377 of these are members of the Federal Home Loan Bank of New York. Nugent Fallon, predecessor to Mr. Kreutz as general manager of the Federal Savings and Loan Insurance Corporation, is now president of the New York Bank.

President Praises General MacArthur

President Roosevelt on Jan. 26 paid tribute to Gen. Douglas MacArthur, congratulating him on the occasion of his 62d birthday, for the magnificent stand he and his men are making in the Philippines. In a message sent to General MacArthur, the President said:

Congratulations on the magnificent stand that you and your men are making. We are watching with pride and understanding and are thinking of you on your birthday.

Speeches honoring General MacArthur were also made in the Senate and the House.

Report On Japanese Attack On Pearl Harbor—Commanders Blamed For Not Heeding Warnings

The report of the special commission appointed by President Roosevelt to inquire into the facts relating to the Japanese attack of Dec. 7 on Hawaii and the responsibility for the resulting damage at Pearl Harbor was handed to the President on Jan. 24 by Owen J. Roberts, Associate Justice of the U. S. Supreme Court and head of the investigating group. The report placed the blame on the responsible commanders in the Hawaiian area, Admiral Husband E. Kimmel and Lieut. Gen. Walter C. Short, for failing to collaborate and to coordinate defensive measures despite repeated warnings from the War and Navy Departments of the need for war readiness. The "errors of judgment" by the commanders, the report said, were the effective causes for the success of the attack.

Both commanders, the report added, showed a "lack of appreciation of the responsibilities vested in them" and failed to "evaluate the seriousness of the situation." Each was relieved of his command shortly after the surprise attack pending the outcome of the investigation.

The Commission's report also said that while there were deficiencies in personnel, material and equipment to place the forces on a war footing for any extended period of time, these did not affect the critical fact of failure to take appropriate measures with the means available."

Among the contributory causes to the success of the Japanese attack, according to the report, were: Japan's disregard of international law relating to a war declaration; restrictions on American counter-espionage; emphasis in the warning messages on the probability of Japanese action in the Far East and on anti-sabotage measures, and non-receipt of the Dec. 7 warning message.

Based upon its findings of fact the Commission reached the following conclusions:

1. Effective utilization of the military power of the nation is essential to success in war and requires: First, the coordination of the foreign and military policies of the nation; and, second, the coordination of the operations of the Army and Navy.

2. The Secretary of State fulfilled his obligations by keeping the War and Navy Departments in close touch with the international situation and fully advising them respecting the course and probable termination of negotiations with Japan.

3. The Secretary of War and the Secretary of the Navy fulfilled their obligations by conferring frequently with the Secretary of State and with each other and by keeping the Chief of Staff and the Chief of Naval Operations informed of the course of the negotiations with Japan and the significant implications thereof.

4. The Chief of Staff and the Chief of Naval Operations fulfilled their obligations by consulting and cooperating with each other, and with their superiors, respecting the joint defense of the Hawaiian coastal frontier; and each knew of and concurred in the warnings and orders sent by the other to the responsible commanders with respect to such defense.

5. The Chief of Staff of the Army fulfilled his command responsibility by issuing a direct order in connection with his warning of probable hostilities, in the following words: "prior to hostile Japanese action you are directed to undertake such reconnaissance and other measures as you deem necessary."

6. The Chief of Naval Operations fulfilled his command responsibility by issuing a warning and by giving a direct order to the Commander in Chief, Pacific Fleet, in the following words: "This dispatch is to be considered a war warning"; and, "executed an appropriate defensive deployment preparatory to carrying out the tasks assigned."

7. The responsible commanders in the Hawaiian area, in fulfillment of their obligation so to do, prepared plans which, if adapted to and used for the existing emergency, would have been adequate.

8. In the circumstances the responsibility of these commanders was to confer upon the question of putting into effect and adapting their joint defense plans.

9. These commanders failed to confer with respect to the warnings and orders issued on and after Nov. 27, and to adapt and use existing plans to meet the emergency.

10. The order for Alert No. 1 of the Army command in Hawaii was not adequate to meet the emergency envisaged in the warning messages.

11. The state of readiness of the naval forces on the morning of Dec. 7 was not such as was required to meet the emergency envisaged in the warning messages.

12. Had orders issued by the Chief of Staff and the Chief of Naval Operations Nov. 27, 1941, been complied with, the aircraft warning system of the Army should have been operating; the distant reconnaissance of the Navy and the inshore air patrol of the Army should have been maintained; the anti-aircraft shore batteries of the Army and similar shore batteries of the Navy, as well as additional anti-aircraft artillery located on vessels of the fleet in Pearl Harbor, should have been manned and supplied with ammunition, and a high state of readiness of aircraft should have been in effect. None of these conditions was in fact inaugurated or maintained for the reason that the responsible commanders failed to consult and cooperate as to necessary action based upon the warnings and to adopt measures enjoined by the orders given them by the chiefs of the Army and Navy commands in Washington.

13. There were deficiencies in personnel, weapons, equipment and facilities to maintain all the defenses on a war footing for extended periods of time, but these deficiencies should not have affected the decision of the responsible commanders as to the state of readiness to be prescribed.

14. The warning message of Dec. 7, intended to reach both commanders in the field at about 7 a.m., Hawaiian time, Dec. 7, 1941, was but an added precaution, in view of the warnings and orders previously issued. If the message had reached its destination at the time intended, it would still have been too late to be of substantial use, in view of the fact that the commanders had failed to take measures and make dispositions prior to the time of its anticipated receipt which would have been effective to warn of the attack or to meet it.

15. The failure of the officers in the War Department to observe that General Short, neither in his reply of Nov. 27 to the Chief of Staff's message of that date, nor otherwise, had reported the measures taken by him, and the transmission of two messages concerned chiefly with sabotage which warned him not to resort to illegal methods against sabotage or espionage, and not to take measures which would alarm the civil population, and the failure to reply to his message of Nov. 29 outlining in full all the actions he had taken against sabotage only, and referring to nothing else, tended to lead General Short to believe that what he had done met the requirements of the warnings and orders received by him.

16. The failure of the Commanding General, Hawaiian Department, and the Commander in Chief, Pacific Fleet, to confer and cooperate with respect to the meaning of the warnings received and the measures necessary to comply with the orders given them under date of Nov. 27, 1941, resulted largely from a sense of security due to the opinion prevalent in diplomatic, military and naval circles, and in the public press, that any immediate attack by Japan would be in the Far East. The existence of such a view, however prevalent, did not relieve the commanders of the responsibility for the security of the Pacific Fleet and our most important outpost.

17. In the light of the warnings and directions to take appropriate action, transmitted to both commanders between Nov. 27 and Dec. 7, and the obligation under the system of coordination then in effect for joint cooperative action on their part, it was a dereliction of duty on the part of each of them not to consult and confer with the other respecting the meaning and intent of the warnings and the appropriate measures of defense required by the imminence of hostilities. The attitude of each, that he was not required to inform himself of, and his lack of interest in the measures undertaken by the other to carry out the responsibility assigned to each other under the provisions of the plans then in effect, demonstrated on the part of each a lack of appreciation of the responsibilities vested in them and inherent in their positions as Commander in Chief, Pacific Fleet, and Commanding General, Hawaiian Department.

18. The Japanese attack was a complete surprise to the commanders and they failed to make suitable dispositions to meet such an attack. Each failed properly to evaluate the seriousness of the situation. These errors of judgment were the effective causes for the success of the attack.

19. Causes contributory to the success of the Japanese attack were:

Disregard of international law and custom relating to declaration of war by the Japanese and the adherence by the United States to such laws and customs.

Restrictions which prevented effective counter-espionage.

Emphasis in the warning messages on the probability of aggressive Japanese action in the Far East and on anti-sabotage measures.

Failure of the War Department to reply to the message relating to the anti-sabotage measures instituted by the Commanding General, Hawaiian Department.

Non-receipt by the interested parties, prior to the attack, of the warning message of Dec. 7, 1941.

20. When the attack developed on the morning of Dec. 7, 1941, the officers and enlisted men of both services were present in sufficient number and were in fit condition to perform any duty. Except for a negligible number, the use of intoxicating liquor on the preceding evening did not affect their efficiency.

21. Subordinate commanders executed their superiors' orders without question. They were not responsible for the state of readiness prescribed.

SEC Reports On Security Offerings For First Nine Months of 1941

The Securities and Exchange Commission announced that it plans to release the statistics on the volume of new financing in the United States by all issuers on a monthly basis. For the past few years, the Commission has presented the data only once a year in its Annual Report and then it was on a fiscal year basis (year ended June 30). The next release on these statistics in February will cover October, November and December, 1941, since the Commission gives the figures for the first none months in its current release.

It is further explained that these statistics of new offerings are distinct from the statistics of securities effectively registered under the Securities Act of 1933 which have been regularly released every month for several years by the Commission (the latest available figures on this subject cover November and appeared in our issue of Jan. 1, page 28). "Registered securities," the Commission notes "constitute only part of all new issues offered for cash." "Furthermore," the Commission says, "the statistics of new offerings include actual offerings only, whereas the statistics of registration reflect registrants' intentions to sell securities.

The Commission has the following to say regarding the statistics for the first nine months of 1941:

New issues of securities offered for cash during the first nine months of 1941 totaled $7,884,000,000, an amount which was in excess of any year since 1936. Offerings of securities by the United States Government, including U. S. Savings and Defense Bonds and agency issues guaranteed by the Government, amounted to $5,073,000,000, accounting for 64% of the new financing in 1941. Corporations issued $2,029,000,000 of securities in the first none months of 1941, which compares with $1,686,000,000 for the same period in 1940. State and municipal security offerings totaled $757,000,000, a figure fairly close to the amount floated in the first nine months of 1940, while the remaining issues—consisting of $4,000,000 foreign government issues and $22,000,000 eleemosynary issues — likewise were approximately of the same amount as in 1940.

Fixed interest-bearing securities aggregated $7,719,000,000 or 98% of total new issues. Although this percentage is slightly higher than the 1940 figure, it is approximately the same as has prevailed over the entire period covered by the series, with the exception of 1937.

Turning to corporate securities alone, fixed interest-bearing securities accounted for almost 92% of total corporate issues, preferred stock comprised over 6%, and common stock issues less than 2%. Public utility issues ranked first among the industrial groups with $1,133,000,000 or 56% of total corporate offerings. Industrial issues amounted to $547,000,000 or 27% of the total, while railroad and other issues amounted to $349,000,000 or 17%. The figures for 1941 indicate that utility financing was almost double that of the same 1940 period, while declines were shown in the amount of industrial and "other" new issues. Issues of railroad securities were somewhat higher than the comparative 1940 period.

In the first nine months of 1941, the amount of corporate securities privately placed aggregated $516,000,000, compared with $478,000,000 in the same 1940 period. Of total corporate bonds offered in 1941, 28% were privately placed, against 32% in the first nine months of 1940. Corporate private placements in the present year included $348,000,000 of utility issues, $129,000,000 of industrial issues, and $40,000,000 of rail and other issues.

The principal use of estimated net proceeds of $1,995,000,000, raised from total corporate issues during 1941, was for repayment of indebtedness and retirement of stock, $1,388,000,000 or 70% of total net proceeds being intended for that purpose. This included 63% for repayment of funded debt, 3½% for payment of other debt, and 3½% for retirement of preferred stock. New money purposes accounted for $575,000,000 of 29% of net proceeds, consisting of $481,000,000 for plant and equipment, and $94,000,000 for working capital. The remainder of $31,000,000 or under 2% of net proceeds, was applied to miscellaneous other purposes.

Colonial Trust Shows Large Deposit Gain

Arthur S. Kleeman, President of the Colonial Trust Co., New York City, told the stockholders at their annual meeting on Jan. 21 that the institution has enjoyed a substantial growth in deposits, from $16,654,000 at the end of 1940, to $19,382,000 on Dec. 31, 1941. Mr. Kleeman said that the bank's most important problem is—and will continue to be—to direct the investable funds of our institution, soundly and in proper proportions, into the three channels open to bankers during the war years.

He described these functions as follows:

Obviously, our first duty is to buy an adequate amount of Government securities. Here there is no question of soundness, merely the matter of quantity.

Our second obligation is to aid in the financing of the manufacture of war materials, on such a basis that the borrower will be able to turn out for the Government the most effective equipment at the lowest cost, and without question as to his ability to repay our advances.

Third, we must look after the financial requirements of those of our clients who, while not now primarily engaged in war work, must necessarily continue to maintain their earning power, if the Government is to receive from them their proper contribution in the form of taxes.

Kleeman announces the following appointments as Assistant Managers: LeRoy T. Tanfield, Rockefeller Center Office; George Onderdonk, Madison Avenue Office; John J. Downes, William Street Office; Joseph Sullivan and Everett Kennedy, Kingsboro Office. Mr. Kleeman also makes known that at the organization meeting of the directors, on Jan. 27th, Charles D. Deyo, formerly Credit Manager, was elected a Vice-President; Frank S. Beebe, formerly Secretary, was elected Secretary and Treasurer, and Harry C. Stoddard, formerly Assistant Trust Officer, was made Trust Officer of the company.

The company's statement of condition, as of Dec. 31, 1941, was referred to in these columns Jan. 15, page 224.

U. S., Britain Set Up Three Boards To Handle Materials, Munitions and Shipping

The White House announced on Jan. 27 that President Roosevelt and British Prime Minister Winston Churchill have established three Anglo-American boards to deal with munitions assignment, shipping adjustment and raw materials. The members of the boards are instructed to confer with representatives of the other "United Nations," particularly Russia and China, in order to provide for the most effective utilization of their joint resources.

The White House announcement said that the new set-up provides for (1) "planned and expeditious" utilization of raw material resources; (2) a common pool for the "entire munition resources" of the United States and Great Britain, and (3) pooling the shipping resources "in principle" of the two countries.

The Combined Raw Materials Board will be made up of William L. Batt, chief of the materials division of the new War Production Board, as the American representative and Sir Clive Baileau, Director of the British Purchasing Commission in the United States, as the British member, who will act on instructions from Lord Beaverbrook, British Minister of Supply.

On the Munitions Assignments Board will be Harry L. Hopkins, the President's special assistant in charge of the defense aid program, as the civilian chairman in Washington, and Lord Beaverbrook in London.

The Combined Shipping Adjustment Board will have as members Rear Admiral Emory S. Land, Chairman of the U. S. Maritime Commission, and Sir Arthur Salter, representing Lord Leathers, British Minister of War Transport.

The text of the White House announcement follows:

To further co-ordination of the United Nations war effort, the President and Prime Minister Churchill have set up three boards to deal with munitions assignments, shipping adjustment and raw materials. The functions of these boards are outlined in the following statements.

Members of the boards will confer with representatives of the Union of Soviet Socialist Republics, China and such other of the United Nations as are necessary to attain common purposes and provide for the most effective utilization of the joint resources of the United Nations.

Combined Raw Materials Board

A planned and expeditious utilization of the raw material resources of the United Nations is necessary in the prosecution of the war. To obtain such a utilization of our raw material resources in the most efficient and speediest possible manner, we hereby create the "Combined Raw Materials Board."

This board will:

(a) Be composed of a representative of the British Government and a representative of the United States Government. The British member will represent and act under the instruction of the Minister of Supply. The board shall have power to appoint the staff necessary to carry out its responsibilities.

(b) Plan the best and speediest development, expansion and use of the raw material resources, under the jurisdiction or control of the two governments, and make the recommendations necessary to execute such plans. Such recommendations shall be carried out by all parts of the respective governments.

(c) In collaboration with others of the United Nations, work toward the best utilization of their raw material resources, and, in collaboration with the interested nation or nations, formulate plans and recommendations for the development, expansion, purchase or other effective use of their raw materials.

Munitions Assignments Board

1. The entire munition resources of Great Britain and the United States will be deemed to be in a common pool, about which the fullest information will be interchanged.

2. Committees will be formed in Washington and London under the combined Chiefs of Staff in a manner similar to the Southwest Pacific Agreement. These committees will advise on all assignments both in quantity and priority, whether to Great Britain and the United States or other of the United Nations in accordance with strategic needs.

3. In order that these committees may be fully apprised of the policy of their respective governments, the President will nominate a civil chairman who will preside over the committee in Washington, and the Prime Minister of Great Britain will make a similar nomination in respect of the committee in London. In each case the committee will be assisted by a secretariat capable of surveying every branch and keeping in touch with the work of every subcommittee as may be necessary.

4. The civilian chairman in Washington and London may invite representatives of the State Department, the Foreign Office or Production Ministries or agencies to attend meetings.

Combined Shipping Adjustment Board

1. In principle, the shipping resources of the two countries will be deemed to be pooled. The fullest information will be interchanged.

2. Owing to the military and physical facts of the situation around the British Isles, the entire movement of shipping now under the control of Great Britain will continue to be directed by the Ministry of War Transport.

3. Similarly, the appropriate authority in the United States will continue to direct the movements and allocations of United States shipping, or shipping of other powers under United States control.

4. In order to adjust and concert in one harmonious policy the work of the British Ministry of War Transport and the shipping authorities of the United States Government, there will be established forthwith in Washington a Combined Shipping Adjustment Board, consisting of a representative of the United States and a representative of the British Government, who will represent and act under the instructions of the British Minister of War Transport.

5. A similar adjustment board will be set up in London consisting of the Minister of War Transport and a representative of the United States Government.

6. In both cases the executive power will be exercised solely by the appropriate shipping agency in Washington and by the Minister of War Transport in London.

President Requests $300,000,000 To Aid Conversion Jobless

President Roosevelt asked Congress on Jan. 20 for an appropriation of $300,000,000 for unemployment compensation benefits to those workers thrown out of work by the conversion of industrial plants to war production. In a letter addressed to Speaker of the House Rayburn, the President said that the present protection afforded by State and territorial laws are inadequate and that workers should receive an "additional war displacement benefit." He suggested that the displaced employees receive 60% of their regular weekly earnings, but in no case more than $24, for 26 weeks, conditioned upon the worker's willingness to accept vocational training for war work or other suitable employment. The plan would be administered by the Social Security Board.

The text of the President's letter follows:

The Speaker of the House of Representatives:

Sir:

The conversion of industrial plants from the production of peace-time goods to the production of war materials, and the drastic curtailment of civilian consumption required for the succesful prosecution of the war, have already thrown thousands of persons out of work. Eventually these workers will be absorbed in war industries. In the meantime, there will be widespread distress unless the Federal Government takes appropriate action to cope with the situation which is directly attributable to the war program.

The present State and territorial unemployment compensation laws furnish some protection to these displaced workers, but the benefits provided under these laws are quite inadequate. Prompt and appropriate action by the States and territories to meet this emergency problem cannot be depended upon, although they have accumulated two and a half billion dollars reserves and have reduced their contribution rates because of small benefit disbursements. Only eight States have regular sessions of the legislatures this year and only five other States have already called special sessions of the legislatures.

I am convinced that the best solution of the problem would be a uniform national system of unemployment insurance with adequate benefit provisions. Such a system would be financed by payroll contributions, obviating the necessity for appropriations from general funds. I have already recommended such a system in my budget message. However, permanent legislation of this character should be considered in relations to other social security legislation, and this would take more time than the present emergency would permit.

Therefore, I recommend that the Congress appropriate the sum of $300,000,000 to supplement and extend the protection now afforded by the State and territorial unemployment compensation laws, so that not only may employees insured under these laws receive an additional war displacement benefit, but employees not now insured under these laws either because they work for small employers or for some other reason, may also be afforded protection.

I suggest that the appropriation be made in such a way that the expenditures would be controlled by plans approved by the President. These regulations would provide that displaced employees receive in total weekly benefits approximately 60% of their average weekly wage, but in no event more than $24 a week for 26 weeks. Such plans would also provide that no displacement benefit be paid to any person who refuses to accept vocational training to better qualify himself for employment in a war industry or who refuses to accept suitable employment. The administration of this plan would be carried out by the Social Security Board in the Federal Security Agency. The Social Security Board is now operating directly all the offices of the United States employment service and is also charged with the responsibility of supervising the State unemployment compensation agencies whose administrative expenses are paid entirely by the Federal Government.

I recommend that the appropriation act indicate that this is temporary and emergency legislation covering at most the balance of the present calendar year.

The detailed appropriation recommended is set forth in the letter of the Bureau of the Budget transmitted herewith, with which recommendation I concur.

Respectfully,
FRANKLIN D. ROOSEVLT.

SEC Reports Transactions Of Officers Of Companies Having Equity Securities

The Securities and Exchange Commission made a public summary of stock transactions reported under Section 16 (a) of the Securities Exchange Act of 1934, which requires officers, directors and principal stockholders of companies having equity securities listed on national securities exchanges to report their transactions in such securities of their companies. The summary was prepared by the Research and Statistics Subdivision of the Trading and Exchange Division and continues for the period July 1938, through December 1940, similar data presented in "Selected Statistics on Securities and on Exchange Markets" for the period January 1936, through June 1938. The Commission's announcement explains:

For the 2½ years from July 1938, through December 1940, there were reported under Section 16 (a) a total of 62,500 transactions involving the acquisition of 75,000,000 shares and the disposition of 93,900,000 shares. Of the total reports, 83% of the transactions involving 23% of the shares represented ordinary purchases and sales of securities effected on registered exchanges or in over-the-counter markets. The remainder of the reports covered such special types of transactions as the exercise of rights, warrants and options, gifts, stock dividends, exchanges, conversions, redemptions, transfers between affiliated persons and distributions.

From July 1938, through December 1940, there were reported 28,000 separate purchases and 24,000 sales of securities on the part of officers, directors and principal stockholders. These 52,000 ordinary transactions (i.e., all transactions exclusive of the special transactions noted above) involved the acquisition of 16,300,000 shares and the disposition of 22,700,000 shares. Whereas this was an average of 750 shares per transaction, the study shows that more than 90% of these reports covered less than 1,000 shares each and that these averaged about 180 shares per transaction.

While they represented only a small portion of the total number of ordinary transactions, sales and purchases in lots of 10,000 or more shares accounted for a substantial part of the total shares involved. During the July 1938 - December 1940 interval, there were reported 528 ordinary transactions of 10,000 or more shares covering purchases of 7,800,000 shares and sales of 12,900,000 shares. These relatively few transactions (approximately 1% of total ordinary transactions) represented 48% of total ordinary purchases and 57% of total ordinary sales. The 47 largest ordinary transactions alone, each involving 100,000 or more shares, resulted in changes in beneficial ownership of 9,800,000 shares—3,400,000 purchases and 6,400,000 sales—equivalent to 20% of total purchases and 28% of total sales.

Purchases and sales of stocks listed on the New York Stock Exchange represented about 32% of all shares bought and sold in ordinary transactions but accounted for 58% of the aggregate net sales balance. During the 2½ years from July 1938, through December 1940, officers, directors and principal stockholders trading in stocks of their corporations listed on the New York Stock Exchange reported 23,508 transactions involving purchases of 4,400,000 shares and sales of 8,100,000 shares.

Net sales balances in ordinary transactions for the period from July 1938, through December 1940, were reported by all classes of reporting persons, including officers, directors, and principal stockholders. Officers and directors who were not principal stockholders reported a net sales balance of 2,200,000 shares in transactions aggregating 20,200,000 shares. Officers and directors who were also principal stockholders reported purchases and sales aggregating 4,000,000 shares and a net sales balance of 1,500,000 shares. Individual principal stockholders other than officers and directors indicated a sales balance of 900,000 shares—600,000 purchases and 1,500,000 sales—while principal stockholders other than individuals reported purchases of 5,400,000 shares and sales of 7,200,000 shares.

For the 2½ years from July 1938 through December 1940, the total volume of reported acquisitions and dispositions (most of which were probably not effected on registered exchanges) amounted to less than 7½% of aggregate transactions on registered exchanges. The volume of reported ordinary purchases and sales alone (some of which were not effected on registered exchanges) represented less than 2% of total stock trading on all registered exchanges. The volume of reported ordinary transactions in securities listed on the New York Stock Exchange was equivalent to less than 1% of total transactions in all stocks listed on that exchange. In July 1940 the volume of total ordinary transactions reported under Section 16 (a) represented about 4½% of total shares purchased and sold on all registered exchanges although for most of the 30-month period this proportion was only 1 or 2%.

Ferris Again Heads Washington Exchange

George M. Ferris, of Ferris Exnicios & Co., Inc., was reelected President of the Washington Stock Exchange at the annual meeting held on Jan. 21.

Authorized Enlisted Strength Of Navy And Marine Corps Raised

A bill increasing the authorized enlisted strength of the Navy from 300,000 men to 500,000 and of the Marine Corps from 60,000 to 104,000 was signed by President Roosevelt on Jan. 12. This measure had passed the Senate on Dec. 22 and the House on Jan. 7. It is considered another step toward building up the force of over 1,000,000 men needed for the two-ocean navy which is expected to be completed in 1947.

Secretary Morgenthau Urges End Of Tax "Loopholes" Including Tax-Exempts

The urgency of closing of "loop holes" in our taxation system was stressed by Secretary of the Treasury Morgenthau on Jan. 24, at which time he pledged himself to fight for the speedy recovery of any defects in the tax laws which may injure our "National Morale." Referring to President Roosevelt's budget message, Mr. Morgenthau pointed out that "the President has said that we must have nine billion dollars in new revenue" and added "We have no more right to fall short of that goal than we have to fall short of the President's announced goal of 60,000 planes and 45,000 tanks in 1942." Secretary Morgenthau, in his remarks, made before the City Club of Cleveland, asserted that tax-free securities provide "wealthy taxpayers a possible refuge, not from some income tax, but from all income taxes" and he declared that "it is high time, in my opinion, to tax the income of State and municipal securities—not only the income of future issues, but also the income from those issues now outstanding."

The points brought out by Mr. Morgenthau were indicated in the Cleveland "Plain Dealer" of Jan. 25 by J. C. Daschbach, from whose account we take the following:

The four examples of loopholes that Morgenthau used—and their annual cost to the treasury at present tax rates—were:

Tax-exempt State and municipal bonds, $200,000.

Community Property systems in nine states, $55,000,000.

Separate Income Tax Returns on investment income for husband and wife, $260,000,000.

Percentage Depletion allowances, $80,000,000.

"I am sorry to say," the Secretary told his audience, "that the present tax structure still falls short of the requirements of equity and the insistent needs of a nation at war. In spite of all our efforts of recent years, our tax laws are still weakened by loopholes; it is still possible for a few thousand individuals to escape their fair share of the burden and to pass their share on to the shoulders of the rest of us.

* * *

"So that you may know exactly what I have in mind, I should like to turn now to four specific examples of tax loopholes—and I could name a great many more than four—which have been allowed to remain on the statute books at the expense of the majority of our taxpayers.

"The first is the continued existence of tax exempt securities. At present, as you know, the interest from State and municipal bonds is exempt from Federal income tax. This provision gives wealthy taxpayers a possible refuge, not from some income tax, but from all income taxes.

* * *

"The Federal government last year took a first step toward remedying this situation by stopping the issuance of tax-exempt Federal securities. Now that we are at war, now that the revenue needs of the government have soared beyond all previous conceptions, it is high time, in my opinion, to tax the income of State and municipal securities—not only the income from future issues, but also the income from those issues now outsanding.

"The existence of this loophole costs the Treasury, at present tax rates, about $2,000,000 a year.

A second source of tax discrimination exists in the nine states having what is called the community-property system. In a community-property State the law assumes that the income of the husband belongs equally to the husband and wife. Yet since the husband has full management and control of the whole income, he is, in practical effect, in no different position from a husband in a non-community-property State. Both of them have the management and control of the income and in both cases the income is devoted to the family purposes.

"In a community-property State a husband who earns a $10,000 salary is allowed to report only $5,000 of that salary as his income and his wife may report the other $5,000 as hers. The two of them together will pay a total tax of $965. In the 39 other states, of which Ohio is one, the husband who earns a $10,000 salary must report that salary as his income and must pay a tax of $1,305 on it. Thus the married citizens of nine out of 48 states are able to escape their fair share if the load at the expense of the married citizens in the rest of the country.

* * *

"The removal of this community-property privilege alone would not, however, reach a still more widespread form of avoidance. I refer to the method of separating a husband's and wife's investment income—as distinguished from the income they get from salary and wages—in such a manner that two families having virtually the same economic position pay vastly different taxes.

"Under the present law, if a husband and wife both have investment income, each pays a tax on the separate income. Because the income tax rates are progressive—that is, because the higher the income the greater is the rate of tax—a family in which both husband and wife have investment incomes pays less tax, in many instances, than a family having the same amount of income all of which is received either by the husband or the wife.

"The final loophole which I shall mention is one against which the Treasury has struggled for years without avail. If you use a machine in your business and that machine can be expected to last for 10 years, you are permitted to deduct each year for 10 years one-tenth of the cost of that machine. Because you will probably have to buy a new machine at the end of 10 years, this deduction is a fair and reasonable method of allowing you to recover your capital. Needless to say, you are not permitted to deduct more than the cost of the machine.

"But you may be surprised to learn that this is not true of mines and oil wells whose owners are permitted over the years to deduct far more than the amount of money which they have put into the property for the conduct of their business. The so-called percentage depletion provision of the income tax law allows these companies not simply to deduct a percentage of the cost of their wells and mines each year until the entire cost has been made good, but to deduct an arbitrary percentage of their income indefinitely.

"An oil company which may long ago have recovered tax free many times the cost of the wells which it is operating is still permitted a deduction of 27½% of the gross income from those very same wells.

12 Federal Home Loan Banks Report Net Of $3,779,000 For Year Ended Dec. 31, 1941

The net income of the 12 Federal Home Loan Banks for the year ended Dec. 31, 1941 amounted to $3,779,000, of which 20% or $756,000 was transferred to the legal reserve as required by law, according to an announcement made Jan. 29 by Everett Smith, financial representative of the Banks. This compares with net income of $3,419,000 for the previous twelve months. Mr. Smith also pointed out that dividends totaling $1,210,000 were declared by the Banks as of Dec. 31, 1941, resulting in the declaration of dividends totaling $2,004,000 for the entire year. During the year ended Dec. 31, 1941, the net profits of the Federal Home Loan Banks, after payment of dividends and setting aside legal reserve requirements, amounted to $1,019,000. The total net income of the Banks from the beginning of their operations through Dec. 31, 1941, aggregated $30,385,000 which has been distributed as follows: $6,078,000 transferred to legal reserves; $1,746,000 transferred to reserves for contingencies; $13,481,000 paid in dividends to the United States Government; $3,928,000 paid in dividends to member institutions, and $5,152,000 transferred to undivided profits.

Regarding the Banks' advances Mr. Smith reported:

Of the $219,446,000 of Federal of Home Loan Bank advances outstanding on Dec. 31, 1941, the sum of $104,687,000 represented short term advances which mature within one year, while the balance of $114,759,000 represented long term advances which mature up to ten years, and on which installments approximating $13,811,000 are due within one year. Federal Home Loan Bank advances made for one year or less need not be amortized, but when made for more than one year and up to ten years, the Rules and Regulations of the Federal Home Loan Bank System require that such advances be amortized on a monthly or quarterly basis.

Of the total advances outstanding on Dec. 31, 1941, $144,915,000 were on a secured basis and $74,531,000 on an unsecured basis. The secured advances were collateralized by 133,768 home mortgages, the unpaid balances of which aggregated $328,283,000, and by direct or guaranteed obligations of the United States Government aggregating $857,000. In addition to the collateral held as security, the Federal Home Loan Banks hold a statutory lien on all stock in such Banks owned by the borrowing member institutions. The Federal Home Loan Bank Act further requires that at no time shall the aggregate advances outstanding made by any Federal Home Loan Bank to any member institution exceed twelve times the amount paid in by such member on capital stock owned by it. The great majority of members are mutual savings and loan associations which hold share accounts of individual savers. The Banks own no mortgages or real estate.

Since the beginning of their operations on Oct. 15, 1932 through Dec. 31, 1941, the total advances made by the 12 Federal Home Loan Banks aggregated $873,735,000, against which repayments to that date aggregated $654,289,000. Except for indebtedness of members in liquidation aggregating $765,000 on which the Banks anticipate no losses, principal delinquencies in excess of thirty days on the total advances outstanding on Dec. 31, 1941 amounted to only $34,000 on which there was no delinquent interest.

SEC Report On General Industrial Machinery

The Securities and Exchange Commission on Jan. 24 made public the ninth of a new series of industry reports of the Survey of American Listed Corporations. These reports cover the calendar years of 1939 and 1940 and extend earlier reports which generally covered the period 1934-1939. Balance sheets and profit and loss statements, expressed both in dollars and percentages, as well as surplus statements and financial ratios are presented for individual companies and for the industry group as a whole in uniform tabular form which permits easy reference and comparison.

Report No. 9 covers corporations engaged primarily in the manufacture of general industrial machinery which had securities registered under the Securities Exchange Act of 1934 at Dec. 31, 1940. One of these 39 corporations, Viking Pump Co., did not file financial data for 1940 so that the consolidated financial statements include the figures for only 38 registrants. The 39 companies included in this group are:

Allen Electric and Equipment Co., American Chain & Cable Co., Inc., American Machine & Metals, Inc., American Pneumatic Service Co., The Aro Equipment Corp., Binks Manufacturing Co., Blaw-Knox Co., Byron Jackson Co., Chain Belt Co., Chicago Pneumatic Tool Co., The Cincinnati Ball Crank Co., Dodge Manufacturing Corp., Dresser Manufacturing Co., The Fairbanks Co., Fairbanks, Morse & Co., Gar Wood Industries, Inc., Gardner-Denver Co., Harnischfeger Corp., Hein-Werner Motor Parts Corp., Hoover Ball and Bearing Co., Independent Pneumatic Tool Co., Ingersoll-Rand Co., Link-Belt Co., The Locke Steel Chain Co., The Lunkenheimer Co., The F. E. Myers & Bro. Co., National Pumps Corp., Neptune Meter Co. of New Jersey, Oliver United Filters, Inc., Pierce Governor Co., Signode Steel Strapping Co., Sullivan Machinery Co., The Superheater Co., The Torrington Co., Victor Equipment Co., Viking Pump Co., The Vlchek Tool Co., The Wayne Pump Co., Worthington Pump & Machinery Corp.

The Commission says:

The combined sales reported by the group were $334,000,000 in 1940 compared with $261,000,000 in 1939. Net profits after all charges totaled $38,000,000 in 1940 against $26,000,000 in 1939, equivalent to 11.4% and 10.1% of sales. Total dividends paid out by these enterprises were $24,000,000 in 1940 compared with $19,000,000 in 1939. The combined assets of these 38 enterprises totaled $341,000,000 at the end of 1940 compared with $305,000,000 at the end of 1939, while surplus increased from $81,000,000 at the end of 1939 to $91,000,000 at the end of 1940.

Single copies of this report, as well as reports 1 to 8, may be secured without charge by request to the Publications Unit, Securities and Exchange Commission, Washington, D. C.

Far Western Business Advances Further

Reflecting the impact of increased defense work, Bank of America's index of Far Western business rose another five points in December, reaching a new top of 155% of the 1935-39 average, according to California bank's December "Business Review." This is a 25% gain over a year ago. Because the bulk of factory employment here is engaged in the production of aircraft, ships, essential metal products, lumber, food and petroleum, notes the "Review," the restrictions on non-defense business probably will have only a short-time repercussion. Defense contracts already concentrated in the three Pacific Coast states exceed $6,100,000,000. Increases were reflected in virtually all the departmental indexes. Factory employment rose to 197% of the 1935-39 average, 43% over a year ago. Carloadings rose to 145, a new all-time December high. Electric power production, despite the influence of blackouts, reached the index point of 152 compared with 132 the year before. The "Review" says:

Western industries other than manufacturing are similarly booming. Priority unemployment will not be much of a worry in such basic western activities as agriculture, the mining of copper, lead and zinc, construction and utilities. Retail and wholesale trades may also expect that 1942 will be a busy year.

National Banks

The following information is from the office of the Comptroller of the Currency, Treasury Department:

COMMON CAPITAL STOCK INCREASED

	Amount of Increase
Jan. 16—The County National Bank at Clearfield, Clearfield, Pa. From $202,500 to $270,000	$67,500
Jan. 17—The Hibernia National Bank in New Orleans, New Orleans, La. From $1,500,000 to $2,000,000	500,000
Jan. 20—The First National Bank of Weslaco, Weslaco, Tex. From $30,000 to $50,000	20,000
Jan. 21—The Continental National Bank of Lincoln, Lincoln, Neb. From $350,000 to $400,000	50,000
Jan. 23—First National Bank of Nevada, Reno, Nev. From $600,000 to $1,000,000	400,000
Jan. 26—The First National Bank of Portland, Portland, Ore. From $3,000,000 to $4,500,000	1,500,000
Jan. 27—The City National Bank of Houston, Houston, Tex. From $500,000 to $700,000	200,000
Jan. 28—The City National Bank of Houston, Houston, Tex. From $700,000 to $1,000,000	300,000

COMMON CAPITAL STOCK REDUCED

	Amount of Reduction
Jan. 19—The Deep River National Bank, Deep River, Conn. From $150,000 to $75,000	$75,000
Jan. 19—The First National Bank of Osceola, Osceola Mills, Pa. From $100,000 to $50,000	50,000
Jan. 20—The Curwensville National Bank, Curwensville, Pa. From $100,000 to $50,000	50,000
Jan. 27—Monroe County National Bank of East Stroudsburg, East Stroudsburg, Pa. From $200,000 to $50,000	150,000
Jan. 29—The Path Valley National Bank of Dry Run, Dry Run, Pa. From $50,000 to $27,500	22,500

PREFERRED STOCK "A" DECREASED

	Amount of Decrease
Jan. 22—The First National Bank of Greenville, Greenville, Pa. From $222,750 to $111,375	$111,375

CHANGES OF TITLE

Jan. 20—Northampton National Bank & Trust Co., Northampton, Mass.
To: "Northampton National Bank."

Jan. 22—First National Bank of Greenville, Greenville, Pa.
To: "The First National Bank of Greenville."

Jan. 22—The First National Bank of Centreville, Centerville, Tenn.
To: "The First National Bank of Centerville," to agree with the current spelling of the word "Centerville."

VOLUNTARY LIQUIDATIONS

	Amount
Jan. 20—The First National Bank of Dodd City, Tex. Effective Jan. 3, 1942. Liquidating Agent: W. C. McGee, Dodd City, Tex. Absorbed by: Bonham State Bank, Bonham, Tex.	$30,000
Jan. 23—Citizens National Bank in Saint Jo, Tex. Effective Jan. 13, 1942. Liquidating Agent: C. D. Meador, Saint Jo, Tex. Absorbed by: The First National Bank of Saint Jo, Texas.	25,000

President O'Brien Says Chicago Board of Trade Needs Paid Executive

Employment of a paid executive for the Chicago Board of Trade was urged on Jan. 19 by Philip R. O'Brien, president, in an address before the annual meeting of the members of the grain exchange. Mr. O'Brien said that, because of a lack of sufficient time given by elected officials, there has been weakness in the business management and leadership of the Board. He pointed out that the post of President even in so-called normal periods, "is no part-time affair. Because of this condition—this lack of able, paid leadership—many of our vital problems have been permitted to drift," he said. He added:

"It is time to fight for a better future. Our first step should be employment of a paid executive of proved ability, one who is aggressive and determined. He should be a man who has never been associated with the exchange so that he will be free of affiliations, free of any suspicion of favoritism, and will not be conscious of psychological handicaps. He should have an agricultural background and business and financial knowledge."

The annual financial statement of the exchange it is stated revealed a loss of $1,446.27 on operations in 1941. Annual assessments totaling $462,300 were levied on the members. Loss from building operations was estimated at $184,282.60 for the year.

Expects Banks To Hold More Government Bonds

The financial outlook today points to a further increase in banks' holdings of government bonds and some decline in their holdings of municipal and corporate securities, James H. Clarke, Assistant Vice President of the American National Bank and Trust Co. of Chicago, told members of the Wisconsin Bankers Association at their mid-winter meeting in Milwaukee on Jan. 22. As long as the war continues, Mr. Clarke foresees little change in the price level of government bonds but any change that occurs will most likely be a slight downtrend. He stated that because state and municipalities will now drop most public projects, new municipal offerings will be scarce and short term municipals, with their tax free provisions, may become somewhat more valuable from a scarcity standpoint. "Revenue, toll bridge and other similar issues which depend very largely on fees received from gas taxes, tolls, etc., should" he declared "be scrutinized pretty closely. This is true to some extent on all municipal bonds."

Mr. Clarke traced the trend of bank investment during the past nine years when government and municipal securities generally increased and their holdings of corporate bonds declined — a trend which he predicted will continue as far as government and corporate securities are concerned.

In the next fiscal year beginning July 1, the government will have to raise about $38,000,000,000 through financing, he said. Defense bonds and sales to government trust funds, as well as the use of tax anticipation notes, may absorb 15 to 18 billion, but in any event, "it seems the government will have to raise, through bond sales, at least $20,000,000,000. It is easy to see that banks and insurance companies will be called upon to absorb a large part of this debt. It is very possible that the treasury may have to abandon—at least for a time—the sale of bonds due in 1972, for instance, and confine its offerings to somewhat shorter maturities."

Revenue Freight Car Loadings During Week Ended Jan. 24 Amounted to 817,804 Cars

Loading of revenue freight for the week ended Jan. 24, totaled 817,804 cars, the Association of American Railroads announced on Jan. 29. The increase above the corresponding week in 1941 was 107,052 cars, or 15.1%, and above the same week in 1940 was 167,617 cars, or 25.8%.

Loading of revenue freight for the week of Jan. 24 increased 6,608 cars, or 0.8% above the preceding week.

Miscellaneous freight loading totaled 370,444 cars, an increase of 15,157 cars above the preceding week, and an increase of 70,852 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 149,455 cars, an increase of 2,767 cars above the preceding week, but a decrease of 407 cars below the corresponding week in 1941.

Coal loading amounted to 162,799 cars, a decrease of 11,343 cars below the preceding week, but an increase of 8,266 cars above the corresponding week in 1941.

Grain and grain products loading totaled 47,148 cars, a decrease of 2,340 cars below the preceding week, but an increase of 16,376 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Jan. 24 totaled 31,505 cars, a decrease of 2,361 cars below the preceding week, but an increase of 12,951 cars above the corresponding week in 1941.

Live stock loading amounted to 12,327 cars, a decrease of 1,498 cars below the preceding week, but an increase of 1,387 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of Jan. 24 totaled 9,176 cars, a decrease of 1,103 cars below the preceding week, but an increase of 1,061 cars above the corresponding week in 1941.

Forest products loading totaled 47,343 cars, an increase of 3,350 cars above the preceding week, and an increase of 8,335 cars above the corresponding week in 1941.

Ore loading amounted to 14,103 cars, an increase of 1,207 cars above the preceding week and an increase of 1,672 cars above the corresponding week in 1941.

Coke loading amounted to 14,185 cars, a decrease of 692 cars below the preceding week, but an increase of 571 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding weeks in 1941 and 1940.

	1942	1941	1940
Week of January 3	676,534	614,171	592,925
Week of January 10	737,172	711,635	668,241
Week of January 17	811,196	703,497	646,382
Week of January 24	817,804	710,752	650,187
Total	3,042,706	2,740,055	2,557,735

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Jan. 24, 1942. During this period 113 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED JANUARY 24

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	608	551	606	1,600	1,368
Bangor & Aroostook	2,062	1,873	1,944	268	200
Boston & Maine	8,551	7,446	7,438	14,087	11,576
Chicago, Indianapolis & Louisville	1,539	1,464	1,517	2,507	2,274
Central Indiana	19	14	17	75	49
Central Vermont	1,364	1,235	1,280	2,450	2,219
Delaware & Hudson	6,642	6,881	5,430	11,334	8,275
Delaware, Lackawanna & Western	9,517	9,562	10,217	9,368	7,842
Detroit & Mackinac	314	238	219	188	108
Detroit, Toledo & Ironton	2,525	2,903	2,804	1,627	1,632
Detroit & Toledo Shore Line	379	369	273	4,539	3,812
Erie	14,838	13,279	12,316	16,406	13,554
Grand Trunk Western	5,562	5,374	4,752	9,888	8,774
Lehigh & Hudson River	196	121	134	3,131	2,023
Lehigh & New England	1,846	1,622	1,795	1,646	1,458
Lehigh Valley	9,764	9,867	9,431	9,584	7,812
Maine Central	3,394	3,117	3,105	3,554	2,803
Monongahela	6,005	4,698	5,876	386	278
Montour	1,806	1,950	2,167	25	23
New York Central Lines	49,078	43,633	39,950	51,998	44,536
N. Y., N. H. & Hartford	12,648	10,689	9,447	17,000	13,867
New York, Ontario & Western	1,126	1,030	1,076	2,574	2,162
N. Y., Chicago & St. Louis	6,476	5,186	5,383	15,400	12,516
N. Y., Susquehanna & Western	523	364	389	1,493	1,881
Pittsburgh & Lake Erie	8,302	7,267	6,308	7,427	6,641
Pere Marquette	5,767	6,115	5,800	7,228	6,303
Pittsburgh & Shawmut	600	521	513	49	37
Pittsburgh, Shawmut & North	415	432	419	357	313
Pittsburgh & West Virginia	784	727	1,063	2,367	1,901
Rutland	552	569	571	1,178	1,067
Wabash	6,130	5,821	5,581	12,240	10,257
Wheeling & Lake Erie	4,780	4,037	3,395	4,305	3,668
Total	174,202	158,955	151,216	216,279	181,229
Allegheny District—					
Akron, Canton & Youngstown	601	579	421	1,108	1,066
Baltimore & Ohio	39,446	33,396	29,810	23,431	18,397
Bessemer & Lake Erie	3,191	2,964	2,120	1,290	1,789
Buffalo Creek & Gauley	320	300	300	4	4
Cambria & Indiana	1,866	1,886	1,697	10	8
Central R.R. of New Jersey	8,332	7,062	6,958	16,577	13,091
Cornwall	701	668	533	64	55
Cumberland & Pennsylvania	317	314	292	19	35
Ligonier Valley	129	160	175	58	39
Long Island	811	709	524	2,641	2,700
Penn-Reading Seashore Lines	1,888	1,292	1,024	1,884	1,502
Pennsylvania System	79,984	68,858	61,306	56,358	46,359
Reading Co.	16,597	16,380	14,232	25,035	20.181
Union (Pittsburgh)	19,902	19,282	17,858	3,928	3,353
Western Maryland	4,021	3,565	3,486	10,063	7,701
Total	178,106	157,415	140,736	142,470	116,280
Pocahontas District—					
Chesapeake & Ohio	25,447	22,260	23,718	10,856	9,811
Norfolk & Western	21,078	20,316	19,623	6,773	6,190
Virginian	4,436	5,271	4,557	2,029	1,646
Total	50,961	47,847	47,898	19,658	17,647
Southern District—					
Alabama, Tennessee & Northern	398	505	134	323	201
Atl. & W. P.—W. R.R. of Ala.	818	762	653	2,109	1,633
Atlanta, Birmingham & Coast	862	735	455	1,219	1,025
Atlantic Coast Line	13,088	11,126	8,598	7,850	6,563
Central of Georgia	4,538	4,097	3,022	4,120	3,579
Charleston & Western Carolina	421	426	345	1,847	1,623
Clinchfield	1,631	1,610	1,475	2,916	2,734
Columbus & Greenville	311	287	199	351	306
Durham & Southern	184	172	161	509	681
Florida East Coast	1,255	928	954	1,196	1,157
Gainsville Midland	41	29	22	77	92
Georgia	1,543	1,177	543	2,672	1,815
Georgia & Florida	494	339	258	922	603
Gulf, Mobile & Ohio	4,265	3,538	2,587	3,833	2,900
Illinois Central System	30,413	22,654	21,324	15,769	12,694
Louisville & Nashville	25,495	23,773	23,205	8,829	6,691
Macon, Dublin & Savannah	207	133	147	867	1,149
Mississippi Central	154	120	84	444	445
Nashville, Chattanooga & St. L.	3,334	3,046	2,182	3,802	3,075
Norfolk Southern	1,238	1,607	777	1,366	1,218
Piedmont Northern	449	395	377	1,540	1,476
Richmond Fred. & Potomac	502	347	215	8,074	5,377
Seaboard Air Line	11,219	10,149	7,530	7,306	6,240
Southern System	25,447	23,041	17,666	21,792	18,132
Tennessee Central	619	474	335	859	808
Winston-Salem Southbound	135	134	146	797	862
Total	129,061	110,864	93,414	101,389	83,079
Northwestern District—					
Chicago & North Western	18,157	14,895	14,514	14,995	11,278
Chicago Great Western	2,975	2,422	2,219	3,683	2,973
Chicago, Milw., St. P. & Pac.	23,775	20,284	19,386	10,536	8,813
Chicago, St. Paul, Minn. & Omaha*	4,754	3,928	4,066	4,549	3,410
Duluth, Missabe & Iron Range	1,265	956	1,023	394	164
Duluth, South Shore & Atlantic	736	624	488	621	437
Elgin, Joliet & Eastern	10,456	9,475	7,956	11,131	8,543
Ft. Dodge, Des Moines & South	512	407	285	152	146
Great Northern	12,698	9,445	8,708	4,253	3,063
Green Bay & Western	550	540	500	838	688
Lake Superior & Ishpeming	266	234	221	65	63
Minneapolis & St. Louis	2,444	1,531	1,522	2,760	1,968
Minn., St. Paul & S. S. M.	6,148	4,913	5,284	2,657	2,762
Northern Pacific	11,140	9,602	9,211	4,616	3,622
Spokane International	83	113	82	332	243
Spokane, Portland & Seattle	2,302	1,658	1,354	2,523	1,641
Total	98.261	81,027	76,819	64.105	49,814
Central Western District—					
Atch. Top. & Santa Fe System	23,048	18,332	16,656	9,129	7,282
Alton	3,687	3,067	2,607	3,880	2,506
Bingham & Garfield	434	457	405	122	128
Chicago, Burlington & Quincy	18,578	15,376	15,525	12,164	8,322
Chicago & Illinois Midland	3,110	2,635	2,652	938	761
Chicago, Rock Island & Pacific	13,289	10,825	9,435	12,736	9,700
Chicago & Eastern Illinois	2,968	2,796	2,726	3,412	3,072
Colorado & Southern	841	774	897	1,610	1,594
Denver & Rio Grande Western	3,574	2,927	3,195	4,115	2,685
Denver & Salt Lake	834	807	1,151	16	5
Fort Worth & Denver City	1,178	857	792	1,142	932
Illinois Terminal	2,041	1,680	2,215	1,689	1,550
Missouri-Illinois	1,118	824	941	400	433
Nevada Northern	1,934	1,751	1,458	145	119
North Western Pacific	1,066	513	479	505	339
Peoria & Pekin Union	20	16	15	0	0
Southern Pacific (Pacific)	27,346	22,061	20,353	9,094	5,681
Toledo, Peoria & Western	214	375	339	310	1,312
Union Pacific System	16,273	13,839	13,248	11,904	8,356
Utah	735	506	708	7	8
Western Pacific	2,120	1,415	1,242	3,016	1,870
Total	124,408	101,833	97,039	76,334	56,655
Southwestern District—					
Burlington-Rock Island	182	155	129	252	354
Gulf Coast Lines	4,670	3,222	2,451	2,587	1,547
International-Great Northern	2,303	1,908	1,446	2,764	2,311
Kansas, Oklahoma & Gulf	338	156	156	1,044	1,100
Kansas City Southern	3,621	2,407	2,179	2,727	1,997
Louisiana & Arkansas	2,325	2,391	1,484	2,078	1,729
Litchfield & Madison	439	402	370	1,069	1,035
Midland Valley	603	690	703	387	203
Missouri & Arkansas	203	111	117	406	374
Missouri-Kansas-Texas Lines	4,802	4,039	3,355	4,595	2,898
Missouri Pacific	17,910	15,249	13,588	13,684	10,371
Quanah Acme & Pacific	137	101	79	190	135
St. Louis-San Francisco	9,597	7,915	6,908	6,147	5,064
St. Louis Southwestern	3,230	2,655	1,859	3,973	3,174
Texas & New Orleans	8,129	7,240	5,266	5,100	3,435
Texas & Pacific	4,158	4,030	2,840	6,797	4,687
Wichita Falls & Southern	109	133	113	40	62
Weatherford M. W. & N. W.	49	7	22	44	370
Total	62,805	52,811	43,065	53,884	40,846

*Previous figures.

Fabricated Structural Steel Bookings And Shipments Higher In 1941

New orders for fabricated structural steel booked during December were nearly 30,000 tons less than the tonnage fabricated and shipped that same month, according to reports received by the American Institute of Steel Construction. Shipments have exceeded bookings ever since last August. Total contracts closed during the year 1941 were 2,296,954, as compared with a yearly average of 1,347,343 during the previous ten years.

The shipments during last December totaled 176,126 tons. The backlog contains orders on hand scheduled for fabrication during January, February, March and April, 1942, amounting to 626,026 tons, which indicates that the industry will maintain its present rate of production during this period.

Following is the complete tabulation of bookings and shipments, showing estimated total tonnage for the entire industry, as reported to the Institute:

	—Contracts Closed—		—Shipments—	
	1941	1940	1941	1940
January	281,235	81,689	164,590	110,919
February	173,559	98,882	161,354	97,157
March	206,072	128,321	170,161	95,915
April	218,018	73,780	189,751	116,317
May	179,884	126,815	191,905	115,617
June	246,910	109,744	200,509	119,087
July	214,756	194,940	203,026	127,120
August	158,658	122,468	189,251	134,858
September	158,782	225,494	204,085	142,834
October	128,658	240,942	217,738	153,201
November	184,043	141,945	182,593	146,992
December	146,379	203,124	176,126	155,526
Totals	2,296,954	1,748,144	2,251,089	1,515,543

Treasury Asks Travelers To Refrain From Taking Documents Abroad

Co-operation of the traveling public was asked by the Treasury Department on Jan. 18 in connection with the enforcement of section 3 (c) of the Trading with the Enemy Act, which prohibits except under license the carrying of any form of tangible communication into or out of the United States.

To avoid delays in making connections and possible embarrassing incidents, Treasury officials gave the following advice to travelers:

1. Refrain from carrying with you on foreign trips any documents unless they are absolutely essential.

2. When you find it absolutely necessary to carry maps, plans, blue prints, specifications or similar documents with you, present them as long in advance of departure time as is possible to the office of the Collector of Customs, where it will be determined whether the communication may be licensed.

It was pointed out that the regulations issued under the Act included written and typewritten documents, that time is required for the translation of statements in foreign languages and that exposed film, developed or undeveloped, must be examined by the Customs officers before licenses can be issued.

SMA December Buying Above $90,000,000

More than $90,000,000 worth of United States farm products were purchased by the Surplus Marketing Administration during December under the general buying program for Lend-Lease and other needs, the Department of Agriculture said on Jan. 26. This was about $20,000,000 more than the total purchases during November, it was explained. December buying brought the total of all purchases to more than $600,000,000 for the period March 15, when expanded purchase operations started, through Dec. 31, 1941. The Department's announcement went on to say:

Dairy, poultry, and meat products made up the largest group of purchases both in volume and in dollar value during December, as they had in previous months. Other heavy purchases included dried and canned fruits and vegetables, cereal products, and various special food commodities.

Included in the total operations for the month were considerable quantities of nonfoodstuffs, including tobacco, cotton, corn, and gum rosin, made available by the Commodity Corporation for Lend-Lease operations.

Volume purchases of dehydrated vegetables were made in December for the first time under the program. More than 450,000 pounds were bought during the month. Dehydrated foods save a lot of shipping space and represent concentrated food values, fitting well into current needs for Lend-Lease and other programs.

Food and livestock feed supplies for the Hawaiian territorial program were bought for the first time during December. This program, handled under separate Congressional authorization, makes needed war-time supplies available for the civilian population of the islands.

SEC Amends Proxy Rule

The Securities and Exchange Commission on Jan. 22 announced the adoption of an amendment to its rules relating to the solicitation of proxies under the Securities Exchange Act of 1934. The amendment is to Rule X-14A-1(b), relating to the omission of certain information from the proxy statement. It is designed according to the Commission to eliminate possible ambiguities in the rule and to provide a more informative statement of the provisions of the rule.

Engineering Construction Up 74% In Week

Engineering construction for week (Jan. 29), $221,694,000, climbed sharply to the highest weekly total reported since Aug. 7, 1941. This volume is 74% above a week ago, and 124% higher than in the corresponding week last year as reported on Jan. 29 by "Engineering News-Record." Public construction, also the highest since last August, is up 69% compared with a week ago, and 232% above a year ago. Private awards are 172% higher than in the preceding week, but 54% lower than in the 1941 week.

The week's high volume brings 1942 construction to $628,780,000, an increase of 7½% over the five-week period last year. Private awards, $51,121,000, are 71% lower than in the period last year but public construction, $577,659,000, is 41% higher as a result of the 81% gain in federal work. State and municipal awards, $80,559,000, are 40% below last year.

Construction volume for the 1941 week, last week, and the current week follows:

	Jan. 30, 1941	Jan. 22, 1942	Jan. 29, 1942
Total construction	$98,834,000	$127,040,000	$221,694,000
Private construction	37,199,000	6,324,000	17,156,000
Public construction	61,635,000	121,316,000	204,538,000
State and municipal	33,688,000	11,599,000	17,307,000
Federal	27,947,000	109,717,000	187,231,000

Increased emphasis on military building construction boosts the public building volume to the highest peak since Aug. 7, 1941, and shipway and airbase awards boost unclassified construction to its highest level since July 10, 1941. In addition to these two classes of work, waterworks, sewerage, bridges, industrial and commercial buildings gain over a week ago; and bridges, commercial buildings, and earthwork and drainage top their respective 1941-week values. Subtotals for the week in each class of construction are: waterworks, $2,107,000; sewerage, $2,495,000; bridges, $2,270,000; industrial buildings, $3,496,000; commercial building and large-scale private housing, $11,566,000; public buildings, $115,526,000; earthwork and drainage, $16,420,000; streets and roads, $4,308,000; and unclassified construction, $63,506,000.

New capital for construction purposes for the week totals $55,481,000, a gain of 68% over the volume reported for the 1941 week. The current week's new financing is made up of $2,491,000 in corporate security issues, and $52,990,000 in state and municipal bond sales. The New York City bond sale for various construction purposes accounts for $50,000,000 of the state and municipal volume.

New construction financing for the year to date, $559,914,000, tops the $93,988,000 for the five weeks of 1941 by 496%.

The London Stock Exchange

Quotations of representative stocks as received by cable each day of the past week:

	Saturday Jan. 24	Monday Jan. 26	Tuesday Jan. 27	Wednesday Jan. 28	Thursday Jan. 29	Friday Jan. 30
Boots Pure Drugs		36/6	36/6	36/6	36/6	36/6
British Amer. Tobacco		83/–	82/6	82/6	82/6	82/6
*Cable & Wire ord.		£68½	£68½	£68½	£68½	£69
Central Min. & Invest.		£13	£13	£13	£13	£13
Cons. Goldfields of S. A.		40/–	40/–	40/–	40/–	38/9
Courtaulds (S.) & Co.		34/6	34/6	34/3	34/6	34/3
De Beers		£8½	£8½	£8½	£8½	£8⅜
Distillers Co.		74/9	74/6	74/6	74/3	74/3
Electric & Musical Ind.		14/6	14/6	14/6	14/6	14/6
Ford Ltd.	Closed	25/9	25/9	25/9	25/9	25/9
Hudsons Bay Company		25/9	25/9	25/6	25/9	25/9
Imp. Tob. of G. B. & I.		132/6	133/9	133/9	133/–	132/6
*London Midland Ry.		£18½	£18¼	£18½	£18½	£18⅝
Metal Box		76/–	76/–	76/–	76/–	76/–
Rand Mines		£6⅞	£6⅞	£6⅞	£6⅞	£6⅞
Rio Tinto		£8	£8 3/16	£8 3/16	£8⅛	£8⅛
Rolls Royce		90/–	90/–	90/–	90/–	88/9
Shell Transport		50/6	50/–	51/3	50/9	50/–
United Molasses		32/–	31/6	31/9	32/–	31/9
Vickers		16/9	16/9	16/9	16/9	16/9
West Witwatersrand Areas		£4½	£4½	£4½	£4 7/16	£4⅜

*Per £100 par value.

English Financial Market--Per Cable

The daily closing quotations for securities, &c., at London, as reported by cable, have been as follows the past week:

	Saturday	Monday	Tuesday	Wednesday	Thursday	Friday
Silver, p. oz. d.	Closed	23½d	23½d	23½d	23½d	23½d
Gold, p. fine oz.	168s	168s	168s	168s	168s	168s
Consols, 2½%	Closed	£83⅛	£83⅛	£83	£83	£82⅞
British 3½% W. L.	Closed	£105¼	£105¼	£105¼	£105¼	£105¼
British 4% 1960-90	Closed	£115¼	£115¼	£115¼	£115¼	£115⅜

The price of silver per oz. (in cents) in the United States on the same day has been:

Bar N. Y. (Foreign)	35⅛	35⅛	35⅛	35⅛	35⅛	35⅛
U. S. Treasury (newly mined)	71.11	71.11	71.11	71.11	71.11	71.11

Fewer Strikes In December

Preliminary estimates of the Bureau of Labor Statistics showed there were 175 new strikes in December involving 35,000 workers with 500,000 man-days idleness in all strikes during the month, according to a report by Secretary of Labor Perkins on Jan. 28. Strikes beginning in November numbered 300 involving 235,000 workers and a loss of 1,450,000 man-days. It is estimated that nearly half the December strikes began before the declaration of war.

The man-days of idleness during all strikes in December amounted to about 0.08% of the total time worked, as compared with 0.25% in November.

Comparative figures follow:

Item—	Dec. *1941	Nov. *1941	Dec. 1940	Averages for 5-yr. period, 1935-39 December	Averages for 5-yr. period, 1935-39 November
No. of strikes beginning in month	175	300	147	127	185
No. of workers involved in new strikes	35,000	235,000	42,615	31,899	52,738
No. of man-days idle during all strikes in progress during month	500,000	1,450,000	458,314	859,534	1,229,731

*Preliminary estimates.

World Prices Steady

General Motors Corp. and Cornell University, which prior to the European war had collaborated in the publication of a world commodity price index, have resumed issuance of international price statistics, but on a different basis than before the war. Instead of a composite index of world prices, these organizations now are publishing the information only as individual country indexes.

The index is built upon 40 basic commodities and the list is the same for each country in so far as possible. Each commodity is weighted uniformly for each country, according to its relative importance in world production. The actual price data are collected weekly by General Motors overseas operations from sources described as "the most responsible agencies available in each country, usually a government department." The commodities involved include "a comprehensive list of several groups, including grains, livestock and livestock products, miscellaneous foods (coffee, cocoa, tea, sugar, &c.), textiles, fuels, metals and a list of other miscellaneous materials (rubber, hides, lumber, newsprint, linseed oil, &c.)." Weights assigned in the index to the different commodity groups are as follows: Grains, 20; livestock and livestock products, 19; vegetable fats and other foods, 9; textiles, 12; fuel, 11; metals, 11; miscellaneous, 18.

The indexes, which are based on prices expressed in the currency of each country, were reported Feb. 2 as follows:

(August, 1939=100)

	Argentina	Australia	Canada	England	Java	Mexico	New Zeal'd	Sweden	Switzerland	United States
1940—										
May	120	118	120	143	116	113	112	131	132	112
June	118	118	120	144	116	113	114	131	136	109
July	118	118	120	145	115	112	114	132	140	109
August	118	119	120	150	115	111	120	132	144	109
September	116	120	121	145	116	110	122	135	153	111
October	113	123	122	145	117	110	120	139	158	114
November	113	125	124	146	118	111	118	142	164	118
December	113	126	126	149	120	111	119	144	168	118
1941—										
January	114	127	126	150	r120	111	119	144	r172	120
February	114	126	127	150	121	113	119	147	171	120
March	119	122	129	150	123	114	119	154	176	122
April	121	121	131	150	125	115	119	156	180	125
May	126	120	134	r152	129	117	120	156	189	129
June	133	121	137	155	131	119	121	155	193	132
July	r135	r121	r141	r156	r136	r125	r122	r155	194	r136
August	138	121	r142	157	138	127	123	156	196	138
September	r140	122	145	r157	138	r130	r123	156	203	143
October	140	123	143	r158	139	132	126	156	207	r140
November	r142	124	143	158	141	133	124	157	209	141
December	141	122	143	160	---	138	123	157	---	145
1941— Weeks end.:										
Dec. 6	141	122	143	r159	*141	137	124	157	209	142
Dec. 13	r137	122	143	r160	---	139	123	157	*209	144
Dec. 20	r142	122	r143	r159	---	r139	123	157	---	r148
Dec. 27	r142	123	144	*160	---	139	123	157	---	147
1942—										
Jan. 3	142	123	144	*160	---	140	123	157	---	148
Jan. 10	r143	123	146	*159	---	141	123	157	---	150
Jan. 17	145	123	146	*160	---	140	124	157	---	151
Jan. 24	145	*123	147	*160	---	139	123	157	---	151

* Preliminary. r Revised

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
1940—Month of—					
January	528,155	579,739	167,240	72	71
February	420,639	453,518	137,631	70	71
March	429,334	449,221	129,466	69	70
April	520,907	456,942	193,411	70	70
May	682,490	624,184	247,644	76	72
June	508,005	509,781	236,693	79	73
July	544,221	587,339	196,037	72	73
August	452,613	487,127	162,653	74	73
September	468,870	470,228	163,769	72	73
October	670,473	648,611	184,002	79	73
November	488,990	509,945	161,985	77	73
December	464,537	479,099	151,729	71	73
1941—Month of—					
January	673,446	629,863	202,417	75	--
February	608,521	548,579	261,650	81	--
March	652,128	571,050	337,022	82	--
April	857,732	726,460	447,525	83	--
May	656,437	602,323	488,993	84	--
June	634,684	608,995	509,231	88	--
July	509,231	807,440	737,420	86	--
August	659,722	649,031	576,529	94	--
September	642,879	630,524	578,402	94	--
October	839,272	831,991	568,264	99	--
November	640,188	649,021	554,417	98	--
December	743,637	760,775	530,459	93	--
1941—Week Ended—					
Aug. 2	159,844	159,272	572,635	93	83
Aug. 9	174,815	159,894	587,498	91	83
Aug. 16	169,472	162,889	592,840	92	83
Aug. 23	158,403	162,964	584,484	94	83
Aug. 30	157,032	163,284	576,529	97	84
Sept. 6	147,086	133,031	591,414	80	84
Sept. 13	164,057	166,781	589,770	98	84
Sept. 20	176,263	166,797	583,716	99	84
Sept. 27	155,473	163,915	578,402	98	85
Oct. 4	176,619	168,256	582,287	100	85
Oct. 11	159,337	164,374	575,627	99	85
Oct. 18	167,440	165,795	574,991	98	86
Oct. 25	165,279	168,146	568,161	100	86
Nov. 1	170,597	165,420	568,264	99	86
Nov. 8	169,585	159,860	576,923	97	86
Nov. 15	156,394	165,397	570,430	99	87
Nov. 22	145,098	160,889	550,383	96	87
Nov. 29	169,111	164,875	554,417	101	87
Dec. 6	181,185	166,080	567,373	102	87
Dec. 13	149,021	163,226	553,389	101	88
Dec. 20	149,874	166,948	535,556	101	88
Dec. 27	116,138	124,258	523,119	76	88
1942—Week Ended—					
Jan. 3	147,419	140,263	530,459	86	88
Jan. 10	162,493	166,095	527,514	101	--
Jan. 17	167,846	165,360	525,088	102	102
Jan. 24	161,713	169,735	514,622	101	102

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Jan. 30 a summary for the week ended Jan. 24, 1942, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Jan. 24—	Total for week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of orders	13,890
Number of shares	355,438
Dollar value	12,973,242
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	302
Customers' other sales *a*	12,339
Customers' total sales	12,641
Number of Shares:	
Customers' short sales	9,423
Customers' other sales *a*	304,091
Customers' total sales	313,514
Dollar value	10,010,654
Round-lot Sales by Dealers— Number of Shares:	
Short sales	30
Other sales *b*	61,310
Total sales	61,340
Round-lot Purchases by Dealers—	
Number of shares	111,610

a Sales marked "short exempt" are reported with "other sales." *b* Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement Week Ended Jan. 24, 1942

Lumber production during the week ended Jan. 24, 1942, was 3% greater than the previous week, shipments were 10% greater, new business 4% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 15% above production; new orders 51% above production. Compared with the corresponding week of 1941, production was 4% less, shipments .05% less, and new business 27% greater. The industry stood at 164% of the average of production in the corresponding week of 1935-39 and 159% of average 1935-39 shipments in the same week.

Year-to-date Comparisons

Reported production for the first three weeks of 1942 was 7% below corresponding weeks of 1941; shipments were 6% below the shipments, and new orders 15% above the orders of the 1941 period. For the three weeks of 1942, new business was 41% above production, and shipments were 11% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 45% on Jan. 24, 1942, compared with 32% a year ago. Unfilled orders were 31% greater than a year ago; gross stocks were 3% less.

Softwoods and Hardwoods

Record for the current week ended Jan. 24, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

Softwoods and Hardwoods

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	470	470	471
Production	221,975	230,681	214,531
Shipments	254,412	254,539	230,882
Orders	335,088	264,567	320,887

	Softwoods 1942 Week	Hardwoods 1942 Week
Mills	395	91
Production	211,424—100%	10,551—100%
Shipments	243,370—115%	11,042—105%
Orders	322,892—153%	12,196—116%

Labor Bureau's Wholesale Price Index Declined 0.1% During Week Ended Jan. 24

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Jan. 29 that following sharp advances in wholesale prices to a 12-year peak in mid-January there was a reaction during the week ended Jan. 24, particularly in the prices of certain farm products, and the Bureau's index of nearly 900 series declined 0.1%. As in the previous three weeks the principal price changes were for domestic farm products and foods, which had risen 5.5 and 3.2%, but which declined 0.5% in the week of Jan. 24. There were continued advances in other prices ranging from 0.1% for hides and leather products, textiles and metal products, to 0.9% for chemicals and allied products, including fats and oils.

The Bureau's announcement further stated:

At this level, 95.5% of the 1926 average, the all-commodity index was 1.8% higher than in mid-December and is 18% above a year ago.

Average wholesale prices for livestock and poultry fell 2.1% led by sharp decreases for live poultry in both the Chicago and New York markets. Calves declined 9% and quotations for steers and cows also averaged lower than for a week ago. Prices for hogs and lambs, on the contrary, were higher. All grains, except barley, declined slightly and lower prices were also reported for eggs, apples, beans, onions and white potatoes. Cotton continued to advance and is currently quoted at the highest level since the Spring of 1929. Advancing prices were also reported for hay, peanuts, flaxseed, sweet potatoes and citrus fruits. Notwithstanding this recent decline the farm products group index was 5% above a month ago and 38% above a year ago.

Meat prices, except cured pork, followed the break in the livestock market and declined sharply. In addition prices were lower for butter and flour. A marked increase in prices for bananas largely accounted for a rise of 3.7% in average wholesale prices for fruits and vegetables. Other foods which averaged higher than a week ago were powdered milk, corn meal, oatmeal, oleo and cottonseed oils, pepper and tea. Cattle feed prices advanced 2.8% during the week.

Prices for most types of cotton materials advanced under the sliding scale ceiling price which is geared to the price of raw cotton.

Among the building materials, pronounced increases in prices for certain paint materials—particularly tung and linseed oils, white lead and rosin—and for gravel, sand, and yellow pine boards, lath, finish and timbers accounted for the advance in the group index. Quotations were lower for yellow pine flooring, dimension and drop siding. Many manufacturers of window glass withdrew recent price increases at the request of the Price Administrator.

Sharp increases occurred in prices for lead arsenate, inedible tallow and for granulated salt.

The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Dec. 27, 1941 and for Jan. 25, 1941 and the percentage changes from a week ago, a month ago, and a year ago (2) percentage changes in subgroup indexes from Jan. 17 to Jan. 24, 1942.

(1926 = 100)

Commodity Groups—	1-24 1942	1-17 1942	1-10 1942	12-27 1941	1-25 1941	Percentage changes to Jan. 24, 1942 from— 1-17 1942	12-27 1941	1-25 1941
All Commodities	95.5	95.6	95.0	93.8	80.8	—0.1	+1.8	+18.2
Farm products	100.3	100.8	98.8	95.5	72.6	—0.5	+5.0	+38.2
Foods	93.6	94.1	92.5	91.2	74.1	—0.5	+2.6	+26.3
Hides and leather products	115.7	115.6	115.7	115.6	102.6	+0.1	+0.1	+12.8
Textile products	92.7	92.6	92.4	91.5	74.6	+0.1	+1.3	+24.3
Fuel and lighting materials	78.9	78.9	78.9	79.0	72.6	0.0	—0.1	+ 8.7
Metals and metal products	103.6	103.5	103.5	103.4	97.8	+0.1	+0.2	+ 5.9
Building materials	109.5	109.1	108.9	108.1	99.5	+0.4	+1.3	+10.1
Chemicals and allied products	96.5	95.6	95.3	91.7	78.8	+0.9	+5.2	+22.5
Housefurnishing goods	102.7	102.7	102.4	102.3	90.5	0.0	+0.4	+13.5
Miscellaneous commodities	88.1	87.9	87.7	87.4	76.8	+0.2	+0.8	+14.7
Raw materials	95.5	95.6	94.5	92.5	74.9	—0.1	+3.2	+27.5
Semimanufactured articles	91.8	91.4	91.3	90.2	81.1	+0.4	+1.8	+13.2
Manufactured products	96.3	96.5	96.0	95.2	83.9	—0.2	+1.2	+14.8
All commodities other than farm products	94.5	94.5	94.1	93.4	82.7	0.0	+1.2	+14.3
All commodities other than farm products and foods	94.5	94.4	94.3	93.9	84.4	+0.1	+0.6	+12.0

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM JAN. 17, 1942 TO JAN. 24, 1942

Increases

Fruits and vegetables	3.7	Lumber	0.5
Cattle feed	2.8	Other farm products	0.4
Chemicals	1.7	Other leather products	0.4
Paint and paint materials	1.2	Cotton goods	0.4
Nonferrous metals	0.9	Hides and skins	0.3
Oils and fats	0.8	Hosiery and underwear	0.1
Other miscellaneous	0.1		

Decreases

Livestock and poultry	2.1	Dairy products	0.6
Meats	2.0	Grains	0.4
Cereal products	0.8	Other foods	0.2
Other building materials	0.1		

Trading On New York Exchanges

The Securities and Exchange Commission made public on Jan. 30 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Jan. 17, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Jan. 17 (in round-lot transactions) totaled 1,109,540 shares, which amount was 17.60% of total transactions on the Exchange of 3,152,210 shares. This compares with member trading during the previous week ended Jan. 10 of 1,388,340 shares, or 17.71% of total trading of 3,921,530 (revised) shares. On the New York Curb Exchange, member trading during the week ended Jan. 17 amounted to 168,210 shares, or 17.72% of the total volume on that Exchange of 474,745 shares; during the preceding week trading for the account of Curb members of 212,835 shares was 21.78% of total trading of 488,495 shares.

With respect to the data for the weeks ended Jan. 3 and 10 (see issue of Jan. 22, page 343 and Jan. 29, page 488) the SEC reports that the Stock Exchange has submitted the following corrections:

	Week Ended Jan. 3 Preliminary	Revised	Week Ended Jan. 10 Preliminary	Revised
Item A—Total round-lot sales	9,280,400	9,281,900	3,919,330	3,921,530
Short sales	220,425	220,540	177,830	178,430
Item B-2—Total purchases	------	------	168,530	168,830
Item B-3—Total purchases	272,600	275,500	103,850	106,250
Total sales	242,533	245,033	145,800	144,000
Reports showing other transactions initiated off the floor	291	293	198	199
Reports showing no transactions	496	494	545	544

The Commission made available the following data for the week ended Jan. 17:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total Number of Reports Received	1,050	750
1. Reports showing transactions as specialists	187	93
2. Reports showing other transactions initiated on the floor	202	24
3. Reports showing other transactions initiated off the floor	208	77
4. Reports showing no transactions	562	560

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

Week Ended Jan. 17, 1942

	Total For Week	Per Cent *a*
A. Total Round-Lot Sales		
Short sales	115,570	
Other sales b	3,036,640	
Total sales	3,152,210	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	260,090	
Short sales	63,520	
Other sales b	223,110	
Total sales	286,630	8.67
2. Other transactions initiated on the floor		
Total purchases	157,740	
Short sales	21,650	
Other sales b	151,640	
Total sales	173,290	5.25
3. Other transactions initiated off the floor		
Total purchases	98,950	
Short sales	7,900	
Other sales b	124,940	
Total sales	132,840	3.68
4. Total		
Total purchases	516,780	
Short sales	93,070	
Other sales b	499,690	
Total sales	592,760	17.60

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

Week Ended Jan. 17, 1942

	Total For Week	Per Cent *a*
A. Total Round-Lot Sales		
Short sales	5,685	
Other sales b	469,060	
Total sales	474,745	
B. Round-Lot Transactions for the Account of Members		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	44,510	
Short sales	4,910	
Other sales b	67,725	
Total sales	72,635	12.34
2. Other transactions initiated on the floor		
Total purchases	4,800	
Short sales	200	
Other sales b	9,495	
Total sales	9,695	1.53
3. Other transactions initiated off the floor		
Total purchases	15,740	
Short sales	575	
Other sales b	20,255	
Total sales	20,830	3.85
4. Total		
Total purchases	65,050	
Short sales	5,685	
Other sales b	97,475	
Total sales	103,160	17.72
C. Odd-Lot Transactions for the Account of Specialists		
Customers' short sales	0	
Customers' other sales c	25,165	
Total purchases	25,165	
Total sales	19,272	

* The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

a Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

b Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

c Sales marked "short exempt" are included with "other sales."

Fertilizer Assn. Price Index Unchanged

The weekly wholesale commodity price index compiled by The National Fertilizer Association which was released on Feb. 2, was unchanged last week. This index, in the week ended Jan. 31, 1942, stood at 121.8% of the 1935-1939 average, the same as in the preceding week. It registered 119.5 a month ago, and 99.8 a year ago.

Substantial declines in meat prices were sufficient to counterbalance advances in other items, with the result that the all-commodity index remained at the same level as in the preceding week. The farm product price index was moderately higher due primarily to increased cotton and livestock quotations, which more than offset a decline in grain prices. In the textile group, raw cotton, cotton goods, and cotton yarns continued to advance in price, with the net result that the textile price index was lifted to a new high peak. The fuel price average was slightly higher due to a rise in gasoline quotations. Small advances were recorded by the indexes representing the prices of fertilizer materials, farm machinery, and miscellaneous commodities. Butter, flour, potatoes, and meats decreased in price resulting in the sharpest drop recorded by the food index since last July. Despite this decline, the food index is 28% above the corresponding week a year ago. A decline in the price of oak flooring more than offset an increase in linseed oil, causing a very small decrease in the building material price index.

During the week 30 price series included in the index advanced and 15 declined; in the preceding week there were 27 advances and 15 declines; in the second prceding week there were 37 advances and 12 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[1935-1939 = 100]*

% Each Group Bears to the Total Index	GROUP	Latest Week Jan. 31, 1942	Preceding Week Jan. 24, 1942	Month Ago Dec. 27, 1941	Year Ago Feb. 1, 1941
25.3	Foods	117.0	118.5	115.8	91.2
	Fats and Oils	132.7	131.8	122.7	73.4
	Cottonseed Oil	158.7	158.4	156.0	71.8
23.0	Farm Products	131.5	130.5	125.8	93.4
	Cotton	186.8	185.1	166.1	96.2
	Grains	121.1	121.6	114.8	84.1
	Livestock	122.8	121.3	120.5	94.2
17.3	Fuels	113.3	113.0	113.0	101.5
10.8	Miscellaneous Commodities	127.8	127.7	126.3	110.0
8.2	Textiles	150.8	150.2	141.9	112.6
7.1	Metals	104.0	104.0	104.0	103.1
6.1	Building Materials	131.9	132.0	131.6	112.8
1.3	Chemicals and Drugs	120.1	120.1	113.6	103.9
.3	Fertilizer Materials	117.6	117.4	115.4	106.0
.3	Fertilizers	111.0	114.0	119.7	104.0
.3	Farm Machinery	103.5	103.4	103.4	99.7
100.0	All Groups Combined	121.8	121.8	119.5	99.8

*Indexes on 1926-1928 base were: Jan. 31, 1942, 94.9; Jan. 24, 1942, 94.9; Feb. 1, 1941, 77.7.

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest coal report, stated that weekly production of soft coal continues to hover around the 11-million-ton mark. The total output in the week ended Jan. 24 is estimated at 11,000,000 net tons. This indicates a slight decrease—325,000 tons, or 2.9%—from the preceding week. Production in the week of 1941 corresponding with that of Jan. 24 amounted to 9,931,000 tons.

The U. S. Bureau of Mines reported that production of Pennsylvania anthracite for the week ended Jan. 24 was estimated at 1,265,000 tons, an increase of 33,000 tons (about 3%) over the preceding week. Output in the corresponding week of 1941 was 1,257,000 tons.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, PENNSYLVANIA ANTHRACITE AND BEEHIVE COKE (IN NET TONS)

	Week Ended			Jan. 1 to date		
Bituminous coal a—	Jan. 24, 1942	Jan. 17, c1942	Jan. 25, 1941	Jan. 24, 1942	Jan. 25, 1941	Jan. 23, 1937
Total, including mine fuel	11,000,000	11,325,000	9,931,000	37,055,000	34,776,000	32,599,000
Daily average	1,833,000	1,888,000	1,655,000	1,853,000	1,656,000	1,716,000
	Week Ended			Calendar year to date		
Penn. anthracite—	Jan. 24, 1942	Jan. 17, 1942	Jan. 25, 1941	Jan. 24, 1942	Jan. 25, 1941	Jan. 26, 1929
Total, including colliery fuel b	1,265,000	1,232,000	1,257,000	3,436,000	3,861,000	5,931,000
Comm'l production d	1,202,000	1,170,000	1,194,000	3,264,000	3,668,000	5,504,000
Beehive coke—						
United States total	145,500	139,100	112 800	491,400	399,300	439,500
Daily average	20,785	19,871	16,114	20,475	15,972	16,904

a Includes for purposes of historical comparison and statistical convenience the production of lignite. b Includes washery and dredge coal and coal shipped by truck from authorized operations. c Revised. d Excludes colliery coal.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Jan. average
State—	Jan. 17, 1942	Jan. 10, 1942	Jan. 18 1941	Jan. 20, 1940	Jan. 16, 1937	e1923
Alaska	3	4	4	2	2	(f)
Alabama	373	365	310	281	277	434
Arkansas and Oklahoma	103	104	93	115	114	93
Colorado	212	211	162	190	239	226
Georgia and North Carolina	1	1	1	*	1	(f)
Illinois	1,518	1,435	1,178	1,315	1,315	2,111
Indiana	570	507	448	460	393	659
Iowa	71	68	62	86	116	140
Kansas and Missouri	220	204	155	212	200	190
Kentucky—Eastern	837	902	788	852	830	607
Western	270	292	199	288	199	240
Maryland	37	38	36	37	40	55
Michigan	5	5	13	15	18	32
Montana	100	99	70	67	78	82
New Mexico	32	32	21	29	47	73
North and South Dakota	64	88	69	80	66	f50
Ohio	632	605	470	438	567	814
Pennsylvania bituminous	2,460	2,343	2,408	2,230	2,727	3,402
Tennessee	160	151	122	124	111	133
Texas	9	10	7	15	15	26
Utah	125	118	93	94	141	109
Virginia	380	390	307	316	308	211
Washington	40	39	35	43	54	74
West Virginia—aSouthern	2,037	2,075	1,814	1,832	1,952	1,134
bNorthern	830	771	675	639	620	762
Wyoming	175	192	113	143	170	186
cOther Western States	*	1	1	1	*	f7
Total bituminous coal	11,325	11,050	9,654	9,954	10,600	11,850
d Pennsylvania anthracite	1,232	827	1,184	1,175	999	1,968
Total, all coal	12,557	11,877	10,838	11,129	11,599	13,818

a Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay Counties. b Rest of State, including the Panhandle District and Grant, Mineral, and Tucker Counties. c Includes Arizona, California, Idaho, Nevada, and Oregon. d Data for Pennsylvania anthracite from published records of the Bureau of Mines. e Average weekly rate for entire month. f Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." * Less than 1,000 tons.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus
Feb. 3	117.16	106.74	116.22	113.70	107.80	91.91	97.16	110.52	113.50
2	117.17	106.74	116.22	113.50	107.80	92.06	97.31	110.52	113.50
Jan. 31	117.07	106.92	116.22	113.70	107.80	92.06	97.16	110.52	113.70
30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
29	117.32	106.92	116.22	113.70	107.98	91.91	97.31	110.70	113.70
28	117.48	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.50
27	117.47	106.92	116.22	113.89	107.80	92.06	97.31	110.52	113.70
26	117.21	106.92	116.22	114.08	107.62	92.06	97.31	110.52	113.70
24	117.38	106.92	116.22	114.08	107.62	91.91	97.31	110.52	113.70
23	117.51	106.92	116.22	114.08	107.62	91.91	97.31	110.70	113.70
22	117.68	106.92	116.22	114.08	107.62	91.91	97.31	110.70	113.50
21	117.65	106.74	116.41	113.89	107.62	91.77	97.31	110.70	113.50
20	117.61	106.92	116.61	113.89	107.62	92.06	97.47	110.70	113.70
19	117.60	106.92	116.41	113.89	107.62	92.06	97.47	110.70	113.70
17	117.59	106.92	116.41	113.89	107.62	92.06	97.31	110.70	113.70
16	117.60	106.92	116.41	113.89	107.62	91.91	97.31	110.52	113.70
15	117.53	106.92	116.41	114.08	107.62	92.06	97.31	110.70	113.70
14	117.81	106.92	116.41	114.08	107.62	92.06	97.31	110.70	113.70
13	117.86	106.92	116.41	113.89	107.62	92.06	97.31	110.70	113.70
12	117.91	106.92	116.41	113.89	107.62	91.91	97.31	110.70	113.70
10	118.09	106.92	116.61	114.08	107.62	91.77	97.16	110.70	113.89
9	118.00	106.92	116.61	114,08	107.62	91.77	97.16	110.70	113.89
8	118.10	106.92	116.61	114.08	107.80	91.62	97.16	110.70	113.89
7	117.94	106.92	116.61	114.08	107.62	91.62	97.00	110.70	113.89
6	117.82	106.74	116.61	114.08	107.62	91.85	96.85	110.88	113.70
5	117.95	106.56	116.02	113.70	107.44	91.34	96.54	110.70	113.31
3	117.85	106.39	115.82	113.70	107.27	91.05	96.23	110.52	113.31
2	117.61	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
1	STOCK EXCHANGE CLOSED								
High 1942	118.10	106.92	116.61	114.08	107.98	92.06	97.47	110.88	113.89
Low 1942	117.07	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago Feb. 3, 1941	117.06	106.21	117.80	113.50	106.21	90.34	96.54	109.79	113.31
2 Years ago Feb. 3, 1940	115.46	102.30	115.82	112.00	100.98	84.30	90.48	106.92	110.70

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
Feb. 3	3.35	2.84	2.97	3.29	4.28	3.93	3.14	2.98
2	3.35	2.84	2.98	3.29	4.27	3.92	3.14	2.98
Jan. 31	3.34	2.84	2.97	3.29	4.27	3.93	3.14	2.97
30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
29	3.34	2.84	2.97	3.28	4.28	3.92	3.13	2.97
28	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.98
27	3.34	2.84	2.96	3.29	4.27	3.92	3.14	2.97
26	3.34	2.84	2.95	3.30	4.27	3.92	3.14	2.97
24	3.34	2.84	2.95	3.30	4.28	3.92	3.14	2.97
23	3.34	2.84	2.95	3.30	4.28	3.92	3.13	2.97
22	3.34	2.84	2.95	3.30	4.28	3.92	3.13	2.98
21	3.35	2.83	2.96	3.30	4.29	3.92	3.13	2.98
20	3.34	2.62	2.96	3.30	4.27	3.91	3.13	2.97
19	3.34	2.83	2.96	3.30	4.27	3.91	3.13	2.97
17	3.34	2.83	2.96	3.30	4.27	3.92	3.13	2.97
16	3.34	2.83	2.96	3.30	4.28	3.92	3.14	2.97
15	3.34	2.83	2.95	3.30	4.27	3.92	3.13	2.97
14	3.34	2.83	2.95	3.30	4.27	3.92	3.13	2.97
13	3.34	2.83	2.96	3.30	4.27	3.92	3.13	2.97
12	3.34	2.83	2.96	3.30	4.28	3.92	3.13	2.97
10	3.34	2.82	2.95	3.30	4.29	3.93	3.13	2.96
9	3.34	2.82	2.95	3.30	4.29	3.93	3.13	2,96
8	3.34	2.82	2.95	3,29	4.30	3.93	3.13	2.96
7	3.34	2.82	2.95	3.30	4.30	3.94	3.13	2.96
6	3.35	2.82	2.95	3.30	4.31	3.95	3.12	2.97
5	3.36	2.85	2.97	3.31	4.32	3.97	3.13	2.99
3	3.37	2.86	2.97	3.32	4.34	3.99	3.14	2.99
2	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99
1	STOCK EXCHANGE CLOSED							
High 1942	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99
Low 1942	3.34	2.82	2.95	3.28	4.27	3.91	3.12	2.96
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.85
1 Year ago Feb. 3, 1941	3.38	2.76	2.98	3.38	4.39	3.97	3.18	2.99
2 Years ago Feb. 3, 1940	3.61	2.86	3.06	3.69	4.84	4.38	3.34	3.13

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Bank Debits Up 26% From Last Year

Bank debits as reported by banks in leading centers for the week ended Jan. 28 aggregated $11,019,000,000. Total debits during the 13 weeks ended Jan. 28 amounted to $148,877,000,000, or 19% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 11% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 23%.

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

	Week Ended		13 Weeks ended	
Federal Reserve District—	Jan. 28, 1942	Jan. 29, 1941	Jan. 28, 1942	Jan. 29, 1941
Boston	644	483	8.734	7.429
New York	4,522	3,523	58.814	52 527
Philadelphia	556	475	8 042	6.688
Cleveland	747	624	10 940	8.975
Richmond	437	345	5.949	4 816
Atlanta	380	295	5.003	3 971
Chicago	1,635	1,348	22.547	18.217
St. Louis	364	274	4 914	3 856
Minneapolis	199	144	2,818	2.164
Kansas City	341	244	4.704	3 700
Dallas	289	229	4,120	3.150
San Francisco	906	719	12,293	9,906
Total, 274 reporting centers	11.019	8.703	148.877	125.399
New York City*	4.135	3,211	53,624	48,202
140 Other centers*	5,964	4,778	82 253	66.803
133 Other reporting centers	920	714	13,001	10,394

*Included in the national series covering 141 centers, available beginning with 1919.

Labor Adopts FDR Plan For Peace In Wartime

President Roosevelt's plan for peace within the ranks of organized labor for the duration of the war was adopted on Jan. 24 by the executive board of the Congress of Industrial Organizations and by the American Federation of Labor. The plan calls for the formation of a six-man committee of representatives of the CIO and the AFL to meet with the President to settle all questions relating to jurisdictional and other differences between the organizations.

The CIO committee consists of Philip Murray, President of the organization and Vice-President of the United Mine Workers; R. J. Thomas, President of the United Automobile Workers; and Julius Emspak, Secretary-Treasurer of the United Electrical, Radio and Machine Workers. The group named by the AFL is made up of William Green, President of the Federation; George Meany, Secretary-Treasurer of the AFL, and Daniel J. Tobin, President of the International Brotherhood of Teamsters.

The President is reported to have put forward this plan as a substitute for the proposal advanced by John L. Lewis, former head of the CIO and now President of the United Mine Workers. Mr. Lewis, in letters sent to Messrs. Green and Murray on Jan. 17, sought a resumption of the peace talks between the standing negotiating committees of the two labor organizations. These conferences, which were broken off in April, 1939, would seek an "accouplement" of the labor organizations "with unified and competent leadership," Mr. Lewis said.

It is understood that the President in his substitute proposal opposed Mr. Lewis's suggestion for a merger of the two labor groups because of wartime circumstances. Mr. Roosevelt conferred with Mr. Murray at the White House on Jan. 21 and with Messrs. Green and Meany on Jan. 22 at which times he offered his counter-proposal. It was pointed out in United Press accounts from Washington on Jan. 25 that the new AFL-CIO committee is not a peace group in the sense that it will seek to draft a formula under which the organizations could be merged.

MacKenzie Asst. V.-P. Of Cleve. Reserve Bank

It was announced on Jan. 29 by M. J. Fleming, President of Federal Reserve Bank of Cleveland, that the board of directors at its regular meeting that day had appointed Kenneth H. MacKenzie an Assistant Vice President of the bank. Mr. MacKenzie is a graduate of Wooster College of the class of 1926. Following his graduation he was employed by the Cleveland Board of Education as an instructor in mathematics at a Cleveland high school. In December, 1926, Mr. MacKenzie was employed in the statistical department of the bank. He was made manager of the department Dec. 1, 1937.

W. J. Pedrick Named NY Revenue Collector

William J. Pedrick of New York was nominated on Jan. 16 by President Roosevelt as Collector of Internal Revenue for the Second District of New York. The nomination was confirmed by the Senate on Jan. 22. Mr. Pedrick is head of the insurance and real estate concern bearing his name. He was named to fill the vacancy caused by the death of James J. Hoey, referred to in our issue of Dec. 4, page 1341.

Steel Industry Seeks To Break Scrap Shortage—Enters Auto Wrecking Business

Steel making operations this week stand at 96.5% of capacity, a half point drop from last week's 97 point rate, according to "The Iron Age" estimates. This fractional decline is a normal fluctuation. While scrap supplies still are extremely light, juggling of supplies through allocation is tending to prevent a sharp drop in any single distr.ct. Some furnace operators report, however, that while they are maintaining all units in production, their yield per heat has dropped to as low as 60% of normal. "The Iron Age" in its issue of today (Feb. 5) further went on to say:

Pittsburgh district operations this week are down a point to 96%, while Ch'cago and Youngstown are unchanged at 103% and 97% respectively. Philadelphia eased a half point to 90.5%, while the Cleveland rate dropped 9 points to 97%. Buffalo gained 2.5 points to 92.5% and Wheeling is holding at 88%. Detroit operations started this week at 112%, but were expected to be down to 100% by mid-week, with an average of 106% for the week. A gain of three points to 104% is reported in the Southern Ohio river area while the Eastern district rose 8 points to 106%.

To break the scrap shortage steel companies during the past week have been sending labor gangs into automobile graveyards. This is a new practice and results from the desperate need for waste metal. At least five steel companies in the Midwest and one in the east have entered the auto wrecking business. Under one method the auto-wrecking company is offered a price for old cars, the steel company moves in its labor gang, and the owner of the yard is allowed to specify the parts he wants set aside for his use and sale. Usually the motors, front and rear axles and smaller parts are kept by the yard owner. The mills estimate that two men may wreck up to 10 cars a day. The wage costs in this plan of scrap salvage, including hauling costs and yard conversion with no profit to the agent acting for the steel company, in some cases brings a net price of $2 or more above the fixed maximum price ceiling.

A few days ago E. C. Barringer, executive secretary of the Institute of Scrap Iron and Steel declared that 500,000 tons of scrap cannot be taken out of the nation's coal mines because the CIO refuses to adjust overtime rates, and that CIO officials have interfered with scrap collection and shipments. Mr. Barringer answered a statement by CIO President, Philip Murray, who sought to blame scrap men and steel mill executives for many of the ills of the wai program.

Early this week one of the largest domestic shell programs so far was shaping up to completion. Already allocations for hot rolled shell steel have been made or are on the point of being made to several steel companies. It is said that approximately 1,000,000 tons is scheduled for almost immediate allocation in a program which will require 4,000,000 tons of steel. Recent developments indicate that the amount of shells to be made from cold drawn steel are somewhat greater than was expected a week ago.

Pig iron producers have finally received their February allocations which set furnace production schedules at approximately the same level as January with no allowance for the shortness of the current month. This allocation is a source of worry to some producers, since they believe that February will end with some high rated orders unfilled. Some observers have felt that the WPB should have taken it upon itself to decide which orders should not be filled during February, instead of leaving this task to the furnaces.

With the steadily increasing demand for high carbon strip steel to go into machine gun clips and rifle bullet clips, existing capacity is expected soon to be taxed. A bottleneck is the insufficiency of heat treating furnaces.

While forcing production to the highest possible levels, steel manufacturers each day see new names on their order books. Older customers are obtaining steel from regular sources of supply as long as their orders are accompanied by high priority ratings but are having little luck in obtaining materials with ratings below A-3. Not only the makers of products for ordinary civilian use but the manufacturers of metal goods for essential civilian needs are likely to face a continuance of the blows which accompany war shortages. Where many plants (household appliance makers, for example) are able to obtain the steel they need to operate on a reduced schedule, shortages of other materials and of equipment is interfering with production, even at the lower level.

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

Feb. 3, 1942, 2.30467c. a Lb.

One week ago ---------------- 2.30467c.
One month ago ---------------- 2.30467c.
One year ago ---------------- 2.30467c.

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		Low	
1941	2.30467c.	Sep 2	2.30467c.	Sep 2
1940	2.30467c.	Jan 2	2.24107c.	Apr 16
1939	2.35367c.	Jan 3	2.26689c.	May 16
1938	2.58414c.	Jan 4	2.27207c.	Oct 18
1937	2.58414c.	Mar 9	2.32263c.	Jan 4
1936	2.32263c.	Dec 28	2.05200c.	Mar 10
1935	2.07642c.	Oct 1	2.06492c.	Jan 8
1934	2.15367c.	Apr 24	1.95757c.	Jan 2
1933	1.95578c.	Oct 3	1.75836c.	May 2
1932	1.89196c.	Jly 5	1.83901c.	Mar 1
1931	1.99629c.	Jan 13	1.86586c.	Dec 29
1930	2.25488c.	Jan 7	1.97319c.	Dec 9
1929	2.31773c.	May 28	2.26498c.	Oct 29

Pig Iron

Feb. 3, 1942, $23.61 a Gross Ton

One week ago ---------------- $23.61
One month ago ---------------- 23.61
One year ago ---------------- 23.45

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati

	High		Low	
1941	$23.61	Mar 20	$23.45	Jan 2
1940	23.45	Dec 23	22.61	Jan 2
1939	$22.61	Sep 19	$20.61	Sep 12
1938	23.25	Jun 21	19.61	Jly 6
1937	23.25	Mar 9	20.25	Feb 16
1936	19.74	Nov 24	18.73	Aug 11
1935	18.84	Nov 5	17.83	May 14
1934	17.90	May 1	16.90	Jan 27
1933	16.90	Dec 5	13.56	Jan 3
1932	14.81	Jan 5	13.56	Dec 6
1931	15.90	Jan 6	14.79	Dec 15
1930	18.21	Jan 7	15.90	Dec 16
1929	18.71	May 14	18.21	Dec 17

Steel Scrap

Feb. 3, 1942, $19.17 a Gross Ton

One week ago ---------------- $19.17
One month ago ---------------- 19.17
One year ago ---------------- 20.17

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

	High		Low	
1941	$22.00	Jan 7	$19.17	Apr 10
1940	21.83	Dec 30	16.04	Apr 9
1939	22.50	Oct 3	14.08	May 16
1938	15.00	Nov 22	11.00	Jun 7
1937	21.92	Mar 30	12.92	Nov 10
1936	17.75	Dec 21	12.67	Jun 9
1935	13.42	Dec 10	10.33	Apr 29
1934	13.00	Mar 13	9.50	Sep 25
1933	12.25	Aug 8	6.75	Jan 3
1932	8.50	Jan 12	6.43	Jly 5
1931	11.33	Jan 6	8.50	Dec 29
1930	15.00	Feb 18	11.25	Dec 9
1929	17.58	Jan 29	14.08	Dec 3

The American Iron and Steel Institute on Feb. 2 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 97.7% of capacity for the week beginning Feb. 2, compared with 97.3% one week ago, 96.4% one month ago and 96.9% one year ago. This represents an increase of 0.4 point or 0.4% from the preceding week. The operating rate for the week beginning Feb. 2 is equivalent to 1,614,200 tons of steel ingots and castings, compared to 1,607,600 tons one week ago, 1,592,700 tons one month ago, and 1,563,900 tons one year ago. Weekly indicated rates of steel operations since Jan. 6, 1941, follow:

1941—		Apr 14	98.3%	Jly 28	97.6%	Nov 10	96.6%
Jan 6	97.2%	Apr 21	96.0%	Aug 4	96.3%	Nov 17	97.0%
Jan 13	98.5%	Apr 28	94.3%	Aug 11	95.6%	Nov 24	95.9%
Jan 20	96.5%	May 5	96.8%	Aug 18	96.2%	Dec 1	97.6%
Jan 27	97.1%	May 12	99.2%	Aug 25	96.5%	Dec 8	97.5%
Feb 3	96.9%	May 19	99.9%	Sep 2	96.3%	Dec 15	97.9%
Feb 10	97.1%	May 26	98.6%	Sep 8	96.9%	Dec 22	93.4%
Feb 17	94.6%	Jun 2	99.2%	Sep 15	96.1%	Dec 29	96.1%
Mar 3	97.5%	Jun 9	98.6%	Sep 22	96.8%		
Feb 24	96.3%	Jun 16	99.0%	Sep 29	96.9%	1942—	
Mar 10	98.8%	Jun 23	99.9%	Oct 6	98.1%	Jan 5	96.4%
Mar 17	99.4%	Jun 30	91.8%	Oct 13	98.4%	Jan 12	97.8%
Mar 24	99.8%	Jly 7	94.9%	Oct 20	97.8%	Jan 19	97.7%
Mar 31	99.2%	Jly 14	95.2%	Oct 27	99.9%	Jan 26	97.3%
Apr 7	99.3%	Jly 21	96.0%	Nov 3	98.2%	Feb 2	97.7%

"Steel" of Cleveland, in its summary of the iron and steel markets, on Feb. 2 stated:

Steel makers are streamlining their efforts to increase efficiency in supplying material for war purposes. Rolling schedules are being revised to conform to the radically changed demand resulting from the shift from peacetime to war needs.

Emphasis now is on different products than in normal times and mills must furnish larger tonnage of some while others in heavy demand in former years now are in secondary position. Mills also are revising their order books and many contracts for non-war consumers are being order off and returned to customers, as there is no probability of their being filled for many months, if at all. Increasing volume of high-priority tonnage is crowding mill books, making difficult the task of scheduling for most efficient delivery. To untangle this situation broader allocations are expected, probably covering all major steel products and perhaps extending to those less important.

Plates continue most in demand and mills have heavy backlogs nearly all in highest priority brackets. This is in spite of diversion of continuous mills to production of light plates. Less relief than expected by sheetmakers has resulted from curtailment of automobile manufacture, reduction in demand for that purpose being more than balanced by loss of continuous mill output. Bar demand bids fair to become almost the equal of that in plates as shell programs develop, expected to involve a tonnage that will tax bar mills to the limit.

Scrap from automobile graveyards seems about to move into channels of consumption as the Bureau of Industrial Conservation takes over from the Iron and Steel Branch, WPB. A plan has been formulated to allow owners of these yards to prepare the scrap and sell it wherever they please, after salvaging such parts as are saleable. In case they do not co-operate the bureau has authority to seize the scrap, sell it to the highest bidder and pay the owner on that basis. In many cases promises of immediate co-operation have been received and considerable material should be available within a short time. A large scrap dealer in the Middle West has a corps of workers experienced in cutting up scrap, ready to lend their services to any yard without facilities. One purpose is to forestal such lack as an excuse.

Scrap supply continues much below furnace requirements but seems to have reached a fairly steady flow, keeping steel production relatively even, though numerous steelmaking units continue idle because of scarcity. Numerous state and municipal campaigns to bring out dormant supplies are having some effect but the total is not large. A drive to collect farm scrap is under way and is expected to yield well.

Some difficulty is being met in supply of semifinished steel, non-integrated mills being unable to obtain as much as they need and integrated mills sometimes having allocation orders for shipments to others to an extent that limits their own finished steel production. Additionally lend-lease tonnage continues to take toll of the total supply. Pipe and wire production have suffered most from scarcity of semifinished, especially the latter. One effect of this situation is that mills are seeking larger war tonnages with highest priorities to assure them of preference in their own semifinished or to assure allocation from others.

Gradually spreading its price control, Office of Price Administration has asked fluorspar producers to hold prices at the level prevailing Jan. 2. The door is left open for increase after showing of figures substantiating claim that higher prices should be allowed.

Steel ingot production last week remained steady at 97%, four districts making small increases, two lost ground and six were unchanged. Chicago rose 1 point to 103% in spite of scrap shortage. Wheeling gained 7 points to 95%, St. Louis 2 points to 78 and Youngstown 1 point to 87. Cincinnati lost 2 points to 84 and Detroit 5 points to 87. Rates were unchanged at Pittsburgh, 95; eastern Pennsylvania, 90; Buffalo, 79½; Birmingham, 90; New England, 95; Cleveland, 94½%.

Automobile production last week was 73,305 units, compared with 79,930 the preceding week, a decline of 7,625 cars. In the comparable week last year 124,400 were assembled.

Price composites, limited by ceilings, continue unchanged. The finished steel composite is $56.73, semifinished steel $36, steelmaking pig iron $23.05 and steel-making scrap $19.17.

Petroleum And Its Products

Oil producing States and the petroleum industry were told this week by Petroleum Coordinator Harold L. Ickes that "it is extremely essential, from the standpoint of promoting the war effort," that the oil production rates certified by the OPC for each producing State "be met by every State without delay." It was indicated by unofficial sources that the "reprimand" resulted from "grumbling and questioning" by some of the States on the certification system introduced by Coordinator Ickes on Jan. 1.

"The imperative need of assuring the Nation of an adequate, continuous supply of petroleum products for all military and essential civilian requirements on a sustained basis," Mr. Ickes stated, "no longer permits the haphazard participation by States in supplying the national demand. Any State that might persist in exhausting its petroleum resources at an abnormally rapid rate would seriously jeopardize the war program. Premature exhaustion of any one State's resources would only throw an undue burden on the other States at a time when the need for petroleum will be even more critical than now.

"The urgency of the present situation prohibits all considerations save full co-operation in the present national program to attain maximum utilization of the Nation's natural resources—not for the first year of the war alone, not for the second, but for as long a period as the present conflict may last," the Petroleum Coordinator concluded.

The object of the certification procedure, it was explained by Ralph K. Davies, Deputy Petroleum Coordinator, was to provide a sound program whereby each producing State would participate "properly in supplying the total national demand for petroleum. This involves taking into consideration not only the market demand for production by the State but also the relative crude-oil-reserve position of each State and the rate at which such reserves are now being depleted. To make such a program successful it is necessary to view the problem of crude petroleum supply in its national aspects."

Official recognition of the possibility of reconsideration of the $80,000,000 pipeline from Texas to New York abandoned last year when the industry was unable to obtain the necessary raw materials, particularly steel, came this week when Petroleum Coordinator Ickes, who previously had supported the project to build the industry-financed pipeline, said that he might reopen the plan. He made this statement at his press conference during which he also indicated that possible rationing of motor fuel in the East may result from an oil situation that is "tight and getting tighter" as a result of tanker sinkings and diversion of tankers to military service.

Mr. Ickes, who came in for considerable criticism last summer, both in the trade and by the general public, when he initiated filling station nightly shutdowns in an effort to conserve gasoline, refused to answer reporters who asked point-blank whether the Office of the Petroleum Coordinator was considering rationing. However, all indications point to some sort of rationing plan for civilian motorists unless the tire sale ban cuts down motoring to the point where serious curtailment of gasoline consumption results—which hasn't developed as yet. Starting April 1, private drivers in Canada will go on a rationing plan for motor fuel.

Other Washington developments during the week included a request from Mr. Ickes to the petroleum industry that it immediately undertake a steel salvage and equipment rehabilitation program. "Every producer, every refiner, and, in fact, every person engaged in the industry, regardless of his position," the request stated, "should make it his patriotic duty immediately to bring to commercial channels the maximum possible tonnage of scrap which is not, and cannot be employed by the oil industry."

Three shutdown days in Texas during the week ended Jan. 31 were responsible for the sharpest drop in daily average crude oil production for the Nation in recent years. Production fell 453,155 barrels to a daily average of 3,868,300 barrels, according to the "Oil & Gas Journal." Texas alone showed a drop during the week of 455,600 barrels with California, Kansas and Oklahoma also reporting lower totals. Broadest gain was shown by Illinois. A gain of 1,497,000 barrels in stocks of domestic and foreign crude oil held in the United States developed during the week ended Jan. 24, with inventories rising to 247,764,000 barrels, according to the Bureau of Mines this week. Domestic crude stocks were up 1,576,000 barrels, offset partially by a slump of 79,000 barrels in stocks of foreign crude oil.

The Mexican oil dispute moved to the fore again this week. On the heels of an announcement by Morris L. Cooke, appointed by President Roosevelt to evaluate the oil properties expropriated by Mexico that he planned to meet with the American oil companies involved shortly, came news from Mexico City of a deci-

sion where the Mexican Supreme Court "upset" the subsoil precedent set in the original litigation involving the seizure of the half-billion dollars of American, British and Dutch oil properties. However, Mexican officials said that the case did not have any bearing upon the Government's subsoil policy. The American oil companies had contended that they were entitled to the value of the oil underground in their holdings whereas the Mexican Government held that at no time did these subsoil rights pass from the ownership of the Government. With the Mexican situation becoming active again, it was reported during the week that the Standard Oil Co. of New Jersey had sold its holdings in Bolivia to the Bolivian Government. The properties had been expropriated by the Bolivian Government in 1937 and negotiations, finally decided upon at the Inter-American Conference at Rio de Janeiro, have been in process since then.

There were no crude oil price changes posting during the week.

Prices of Typical Crude per Barrel At Wells

(All gravities where A. P. I. degrees are not shown)

Bradford, Pa.	$2.75
Corning, Pa.	1.31
Eastern Illinois	1.22
Illinois Basin	1.37
Mid-Contin't, Okla., 40 and above	1.25
Smackover, Heavy	0.83
Rodessa, Ark., 40 and above	1.20
East Texas, Texas, 40 and above	1.25
Kettleman Hills, 37.9 and over	1.29
Pecos County, Texas	0.95
Lance Creek, Wyo.	1.12
Signal Hill, 30.9 and over	1.23

The cold weather brought brisk demand for heating and fuel oils along the Atlantic Seaboard during the week with buying continuing on an active scale. Motor fuel demand held up well despite the tire ban and the curtailment of civilian driving in cities such as New York where new parking regulations made it difficult for the average motorist to use his automobile as freely as in the past.

Despite the belief that tire rationing would curtail gasoline consumption by civilian drivers throughout the country to the point where this would become an important factor in the general supply-and-demand picture, this has not developed. The sharp increase in demand in defense areas from workers who must of necessity use their cars to get to-and-from work, plus heavy gains in Army and Navy needs for motor fuel has more than offset, to date, the slackening in civilian motoring.

The industry continued full steam ahead on the program to triple the refining facilities for high-test aviation gasoline which has the active backing of Petroleum Coordinator Ickes. Work on the new plants for which high priority ratings have been obtained by Mr. Ickes is getting well under way and plans for further expansion of refining facilities are gaining momentum.

In the East, possible revival of the 7 p.m. to 7 a.m. curfew for gasoline service stations was indicated as the Executive Committee of the Eastern States Gasoline Dealers' Conference requested of the Government that it immediately initiate a Nation-wide nightly shutdown of gasoline service stations as an aid to dealers in coping with lower incomes and as a means of conserving electric power.

U. S. Gasoline (Above 65 Octane), Tank Car Lots, F. O. B. Refinery

New York—	
Socony-Vac.	$.085
Tide Water Oil	.09
Texas	.085
y Shell Eastern	.085
Other Cities—	
Chicago	.06-.06¾
Gulf Coast	.06-.06
Oklahoma	.06-.06¾

y Super.

Stocks Of Coal In Consumers' Hands On Jan. 1

The Bituminous Coal Division, United States Department of the Interior, in a report released on Jan. 31 reported that stocks of bituminous coal held by industrial consumers and retail dealers as of Jan. 1, 1942 were 62,737,000 net tons, which was 974,000 tons higher than Dec. 1, 1941 and 11,739,000 tons higher than Jan. 1, 1941.

Industrial consumption increased 7.7% during December, 1941, and retail dealer deliveries increased 25.2%.

At the daily rate of consumption and retail dealer deliveries prevailing in December, there was enough coal on hand Jan. 1, 1942 to last 40 days.

STOCKS AND CONSUMPTION OF BITUMINOUS COAL IN THE UNITED STATES, INCLUDING RETAIL YARDS

(Determined jointly by W. H. Young, Research Section, Bituminous Coal Division, and Thomas W. Harris, Jr., Chairman, Coal Committee, National Association of Purchasing Agents)

	Dec., 1941 (preliminary)	Nov., 1941 (revised)	% of Change
	——Net Tons——		
Stocks, End of Month, at—			
Electric power utilities*	12,821,000	12,427,000	+ 3.2
Byproduct coke ovens†	8,901,000	8,326,000	+ 6.9
Steel and rolling mills‡	968,000	908,000	+ 6.6
Coal-gas retorts‡	367,000	372,000	— 1.3
Cement mills†	705,000	714,000	— 1.3
Other industrials§	19,400,000	19,540,000	— 0.7
Railroads (Class I)¶	10,235,000	9,726,000	+ 5.2
Total industrial stocks	53,397,000	52,013,000	+ 2.7
Retail dealer stocks	9,340,000	9,750,000	— 4.2
Grand total	62,737,000	61,763,000	+ 1.6
Cunsumption by—			
Electric power utilities*	5,916,000	5,532,000	+ 6.9
Byproduct coke ovens†	7,352,000	6,848,000	+ 7.4
Beehive coke ovens†	1,021,000	835,000	+22.3
Steel and rolling mills‡	984,000	912,000	+ 7.9
Coal-gas retorts‡	149,000	143,000	+ 4.2
Cement mills†	588,000	628,000	— 6.4
Other industrials§	11,980,000	10,910,000	+ 9.8
Railroads (Class I)¶	9,226,000	8,747,000	+ 5.5
Total industrial	37,216,000	34,555,000	+ 7.7
Retail dealer deliveries	10,640,000	8,500,000	+25.2
Grand total	47,856,000	43,055,000	+11.2
Additional Known Consumption—			
Coal mine fuel	334,000	313,000	+ 6.7
Bunker fuel, foreign trade	††	††	-----
Days Supply, End of Month, at—	——Days Supply——		
Electric power utilities	67 days	67 days	-----
Byproduct coke ovens	38 days	36 days	+ 5.6
Steel and rolling mills	30 days	30 days	-----
Coal-gas retorts	76 days	78 days	— 2.6
Cement mills	37 days	34 days	+ 8.8
Other industrials	50 days	54 days	— 7.4
Railroads (Class I)	34 days	33 days	+ 3.0
Total industrials	45 days	45 days	-----
Retail dealer	27 days	34 days	—20.6
Grand total	40 days	43 days	— 7.0

*Collected by the Federal Power Commission. †Collected by the U. S. Bureau of Mines. ‡Collected by the Bituminous Coal Division. §Estimates based on reports collected jointly by the National Association of Purchasing Agents and the Bituminous Coal Division from a selected list of 2,000 representative manufacturing plants. The concerns reporting are chiefly large consumers and afford a satisfactory basis for estimate. ¶Collected by the Association of American Railroads. Includes powerhouse, shop and station fuel. ††Not available.

Industrial Anthracite

Stocks of anthracite at electric power utilities and Class I railroads declined 6.1 and 0.2%, respectively, during December, 1941, and at the same time stocks at the miscellaneous manufacturing plants increased 3.2%. Consumption increased 12.3% at the miscellaneous manufacturing plants and 1.8% at electric power utilities, while Class I railroads showed a 15.1% decrease during the same period.

ANTHRACITE AT ELECTRIC POWER UTILITIES, RAILROADS, AND OTHER INDUSTRIAL PLANTS (Net Tons)

	Dec., 1941§	Nov., 1941	Sept., 1941	Dec., 1940	% of Change From previous month	From year ago
Electric power utilities*—						
Stocks, end of month	1,257,478	1,338,915	1,317,242	1,216.695	— 6.1	+ 3.4
Consumed during month	240,102	235,741	265,229	213.346	+ 1.8	+12.5
Days supply, end of mo.	162 days	170 days	154 days	177 days	— 4.7	— 8.5
Railroads, (Class I)†—						
Stocks, end of month	238,871	239,465	172,616	144,149	— 0.2	+65.7
Consumed during month	102.610	120,870	95,790	116,901	—15.1	—12.2
Days supply, end of mo.	72 days	59 days	54 days	38 days	+22.0	+89.5
Other industrial consumers— (Selected representative plants‡)						
Stocks, end of month	288,526	279,560	265,999	228,583	+ 3.2	+26.2
Consumed during month	131,168	116,785	93,062	129,847	+12.3	+ 1.0
Days supply, end of mo.	68 days	65 days	86 days	55 days	+ 4.6	+23.6

*Collected by the Federal Power Commission. †Collected by the Association of American Railroads. ‡72 firms reported for November and December, 1941; 71 firms for September, 1941, and 84 firms for December, 1940. §Subject to revision.

Domestic Anthracite and Coke

Reports from 232 selected retail dealers showed decreases in stocks of domestic anthracite and coke from Dec. 1, 1941, to Jan. 1, 1942. Anthracite in producers' storage yards also declined during the same period.

SUMMARY OF STOCKS OF DOMESTIC ANTHRACITE AND COKE

Retail stocks, 232 selected dealers—	Jan. 1, 1942‡	Dec. 1, 1941	Oct. 1, 1941	Jan. 1, 1941	% of Change From previous month	From year ago
Anthracite, net tons	432,341	478.614	412.140	333.800	— 9.7	+29.5
Anthracite, days supply*	58 days	108 days	59 days	45 days	—46.3	+28.9
Coke, net tons	55 732	61.561	63.560	56.979	— 9.4	— 2.1
Coke, days supply*	48 days	100 days	74 days	47 days	—52.0	+ 2.1
Anthracite in producers' storage yards†	1.237.297	1,393,230	708,210	939,227	—11.2	+31.7

*Calculated at the rate of deliveries to customers in the preceding month. †Courtesy Anthracite Committee of the Department of Commerce of the Commonwealth of Pennsylvania. ‡Subject to revision.

Kerosene, 41-43 Water White, Tank Car, F. O. B. Refinery

New York (Bayonne)	$.053
Baltimore	.0525
Philadelphia	.0525
North Texas	.04
New Orleans	4.25-4.625
Tulsa	.04⅜-.04¾

Fuel Oil, F. O. B. Refinery or Terminal

N. Y. (Harbor) unker C	$1.35
Diesel	2.15
Savannah, Bunker C	1.30
Philadelphia, Bunker C	1.35
Gulf Coast	.85
Halifax	1.70

Gas, Oil, F. O. B. Refinery or Terminal

N. Y. (Bayonne) 7 plus	$.04
Chicago, 28,30 D	.053
Tulsa	.03⅝

Electric Output For Week Ended Jan. 31, 1942, Shows 15.8% Gain Over Same Week In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Jan. 31, 1942, was 3,468,193,000 kwh., which compares with 2,994,047,000 kwh. in the corresponding period in 1941, a gain of 15.8%. The output for the week ended Jan. 24, 1942, was estimated to be 3,440,163,000 kwh., an increase of 14.8% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographic Divisions—	Jan. 31, '42	Jan. 24, '42	Jan. 17, '42	Jan. 10, '42
	——Week Ended——			
New England	18.1	16.0	16.4	18.1
Middle Atlantic	12.7	11.6	11.0	12.8
Central Industrial	13.7	13.2	12.9	14.5
West Central	12.0	12.5	14.3	14.4
Southern States	17.5	16.9	15.4	16.5
Rocky Mountain	17.9	18.2	15.8	13.9
Pacific Coast	24.8	21.0	23.0	22.7
Total United States	15.8	14.8	14.5	*15.7

*Revised.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	*1941	1940	% Change 1941 over 1940	1939	1938	1937
July 26	3,220,526	2,760,935	+16.6	2,426.631	2,159,667	2,312,104
Aug. 2	3,263,082	2,762,240	+18.1	2,399,805	2,193,750	2,341,103
Aug. 9	3,233,242	2,743,284	+17.9	2,413,600	2,198,266	2,360,960
Aug. 16	3,238,160	2,745,697	+17.9	2,453,556	2,208,560	2,365,859
Aug. 23	3,230,750	2,714.193	+19.0	2,434,101	2,202,454	2,351,233
Aug. 30	3,261,149	2,736,224	+19.2	2,442,021	2,216,648	2,380,301
Sept. 6	3,132,954	2,591,957	+20.9	2,375,852	2,109,985	2,211,398
Sept. 13	3,322,346	2,773,177	+19.8	2,532,014	2,279,233	2,338,370
Sept. 20	3,273,375	2,769.346	+18.2	2,538,118	2,211,059	2,231,277
Sept. 27	3,273,376	2,816,358	+16.2	2,558,538	2,207,942	2,331,415
Oct. 4	3,330,582	2,792,067	+19.3	2,554,290	2,228,586	2,339,384
Oct. 11	3,355,440	2,817,465	+19.1	2,583,366	2,251,089	2,324,750
Oct. 18	3,313,596	2,837,730	+16.8	2,576,331	2,281,328	2,327,212
Oct. 25	3,340,768	2,866,827	+16.5	2,622,267	2,283,831	2,297,785
Nov. 1	3,380,488	2,882,137	+17.3	2,608,664	2,270,534	2,245,449
Nov. 8	3,368,690	2,858,054	+17.9	2,588,618	2,276,904	2,214,337
Nov. 15	3,347,893	2,889,937	+15.8	2.587.113	2,325,273	2,263,679
Nov. 22	3,247,938	2,839,421	+14.4	2,560,962	2,247,712	2,104,579
Nov. 29	3,339,364	2,931,877	+13.9	2,605,274	2,334,690	2,179,411
Dec. 6	3,414,844	2,975,704	+14.8	2.654.395	2,376,541	2,234,135
Dec. 13	3,475,919	3,003,543	+15.7	2,694.194	2,390.388	2,241,972
Dec. 20	3,495,140	3,052,419	+14.5	2,712,211	2,424,935	2,053,944
Dec. 27	3,234,128	2,757,259	+17.3	2,464,795	2,174,816	2,033,319

Week Ended	1942	1941	% Change 1942 over 1941	1940	1939	1938
Jan. 3	*3,288,685	2,845,727	+15.6	2,558,180	1,619,265	1,542,000
Jan. 10	*3,472,579	3,002,454	+15.7	2,688,380	1,602.482	1,733,810
Jan. 17	3,450,468	3,012,638	+14.5	2,673,823	1,598.201	1,736,729
Jan. 24	3.440.163	2,996,155	+14.8	2,660.962	1,588.967	1,717.315
Jan. 31	3,468,193	2,994,047	+15.8	2,632,555	1,588,853	1,728,203

*Revised.

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

	1941	1940	% Change 1941 over 1940	1939	1938	1937
January	13,149,116	11,683,430	+12.5	10,183,400	9,290,754	9,787,901
February	11,831,119	10,589,428	+11.7	9,256,313	8,396,231	8,911,125
March	12,882,642	10,974,335	+17.4	10,121,459	9,110,808	9,886,443
April	12,449,229	10,705,682	+16.3	9,525,317	8,607,031	9,573,698
May	13,218,633	11,118,543	+18.9	9,868,962	8,750,840	9,665,137
June	13,231,219	11,026,943	+20.0	10,068,845	8,832,736	9,773,908
July	13,836,992	11,616.238	+19.1	10,185.255	9,170,375	10,036,410
August	14,118,619	11,924,381	+18.4	10,785,902	9,801,770	10,308,884
September	13,901,644	11,484,529	+21.0	10,653,197	9,486,866	9,908,314
October	14,756.951	12,474.727	+18.3	11.289.617	9.844.519	10.065.805
November	13,974,232	12,213,543	+14.4	11,087,866	9,893,195	9,506,495
December	---------	12,842,218	---	11,476,294	10,372,602	9,717,471
Total for year		138,653,997		124,502,309	111,557,727	117,141,591

New Capital Issues In Great Britain

The following statistics have been compiled by the Midland Bank Limited. These compilations of issues of new capital, which are subject to revision, *exclude* all borrowings by the British Government; shares issued to vendors; allotments arising from the capitalization of reserve funds and undivided profits; sales of already issued securities which add nothing to the capital resources of the company whose securities have been offered; issues for conversion or redemption of securities previously held in the United Kingdom; short-dated bills sold in anticipation of long-term borrowings; and loans of municipal and county authorities which are not specifically limited. The figures are based upon the prices of issue.

SUMMARY TABLE OF NEW CAPITAL ISSUES IN THE UNITED KINGDOM
[Compiled by the Midland Bank, Ltd.]

Year—	£	Year—	£
1919	237,541,000	1931	88,666,000
1920	384,211,000	1932	113.038.000
1921	215,795,000	1933	132,869,000
1922	235,669,000	1934	150,190.000
1923	203,760,000	1935	182.824,000
1924	223,546,000	1936	217.221,000
1925	219,897,000	1937	170,906,000
1926	253.266,000	1938	118.098.000
1927	314,714.000	1939	66 294 000
1928	362,519,000	1940	4.096.000
1929	253,749.000	1941	2,326,000
1930	236,160,000		

NEW CAPITAL ISSUES IN THE UNITED KINGDOM
[Compiled by the Midland Bank, Ltd.]

	Total £	United Kingdom £	British overseas countries £	Foreign countries £
		——Geographical distribution——		
1935	182 824,000	161,934.000	18 038 000	2.852,000
1936	217,221,000	190.808,000	23 353.000	3,060 000
1937	170,906.000	138.768 000	24 938.000	7.200.000
1938	118,098,000	92,746 000	21 284 000	4 067.000
1939	66,294.000	43 335.000	18 313 000	4,646.000
1940	4 096.000	3 544 000	357 000	195,000
1941	2,326,000	1,927,000	399,000	------

Moody's Daily Commodity Index

Tuesday, Jan. 27	227.3
Wednesday, Jan. 28	224.8
Thursday, Jan. 29	225.3
Friday, Jan. 30	226.0
Saturday, Jan. 31	225.1
Monday, Feb. 2	224.8
Tuesday, Feb. 3	225.1
Two weeks ago, Jan. 20	223.9
Month ago, Jan. 3	220.5
Year ago, Feb. 3	173.1
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—Jan. 27	227.3
Low—Jan. 2	220.0

Items About Banks, Trust Companies

W. David Owen, a member of the New York Stock Exchange firm of Hornblower & Weeks, died on Jan. 17 in the Beekman Street Hospital, New York City. He was 53 years old. Born in Boston, Mr. Owen was graduated from Harvard University in 1911. He was an executive with the John R. Thompson Co. of Chicago, a restaurant concern, until 1924, when he joined the Chicago office of Hornblower & Weeks. Mr. Owen become a partner of the firm in 1929 and came to the New York office in 1941.

At a meeting of the Board of Directors of Bankers Trust Company of New York on Jan. 21, L. S. Brady, formerly Vice-President of the bank, was elected Vice-President and Secretary, and Dana A. Kelley, formerly Assistant Treasurer, was elected Assistant Vice-President. In addition, the following new officers were elected: A. W. Schlichting, Assistant Vice-President; K. E. Carrington, Manager, Building Department; W. P. Livingston, Assistant Treasurer; J. H. Millikin, Assistant Secretary; A. K. Murray, Assistant Treasurer; and J. V. Sauter, Assistant Trust Officer.

Linus C. Coogan, Vice-President and Director of the Corn Products Refining Co., New York, was elected a Director of the Chemical Bank & Trust Co., New York, at the annual stockholders meeting held on Jan. 21. He is a Director of a number of companies, including the Commercial Solvents Corp. and the Kansas City Southern Railway Co.

At the annual organization meeting of the Banks' Board on Jan. 22, Raymond C. Ball, formerly an Assistant Vice-President, was appointed a Vice-President, and Clinton C. Johnson, formerly Manager of the Foreign Department, also was appointed a Vice-President. Mr. Ball, a graduate of Princeton University, has been with the Chemical Bank since 1926. Mr. Johnson attended Dartmouth College and has been with the Chemical since 1919. At the same meeting, George Lysle, formerly an Assistant Secretary, was appointed an Assistant Vice-President; William A. Edwards, formerly Assistant Branch Supervisor, was appointed Branch Supervisor; Marinus J. Topp, formerly Assistant Branch Manager, was appointed Assistant Branch Supervisor; and John F. Wood, formerly an Assistant Trust Officer, was appointed Trust Officer.

Other appointments were Reginald H. Johnson, Jr., Assistant Secretary; George L. Farnsworth, Assistant Branch Manager; and Miss Christine M. Morrison, Assistant Manager, of the Madison Avenue at 74th Street Office.

At the regular meeting of the Board of Directors of the National City Bank of New York held on Jan. 20 the continuance of emergency allowances to officers and employees in the bank for at least three months prior to Jan. 1st, 1942, was authorized for the end of the months of January, February and March of this year. The bank's announcement states:

This is a continuance of the supplementary salary allowances which were in effect from Oct. 1st to Dec. 31st, 1941, and affects officers and employees of the bank in the United States receiving basic salaries at the rate of $6,000 or less per annum, calculated and paid in an amount equal to 6% of each officer's and employee's first $150 basis monthly salary, plus 4% of the next $100 of his basic monthly salary or part thereof. The supplementary allowances were paid at the end of November last for October and November, and at the end of December for that month. The next payment will be Jan. 31st.

Similar action was taken by the Board of Directors of the City Bank Farmers Trust Company.

An article describing the National City Bank of New York's Personal Credit Department has been prepared as one of a series in conjunction with "Number Eight," official house organ of the bank's world-wide organization. It was published to keep the bank's staff of nearly 10,000 informed in regard to the history, development and progress of its various services.

At the annual meeting of stockholders of the Clinton Trust Co., New York City, held on Jan. 21, Lee S. Buckingham, President, and William J. Waite, Chairman of the Executive Committee, made a joint report which revealed that the bank's total resources and deposits, at $11,269,627 and $10,121,721, respectively, represented new highs for the bank, and that there had been an increase in loans and investments and in cash for the year 1941. Undivided profits at the end of 1941 were $50,000 against $37,135 at the previous year end. Surplus funds increased from $306,000 at Dec. 31, 1940, to $335,000 at Dec. 31, 1941. It is stated that during the year there was an increase in all classes of accounts, their reports disclosed, but particularly in commercial and special checking accounts. The bank sold more than $430,000 of United States Defense Savings Bonds since May 1, 1941, and increased its loans to $2,911,582 as of Dec. 31, 1941, from $2,579,560 a year previous, and its investment portfolio to $4,670,811 from $4,299,760. Deposits at the year end rose to $10,121,721 from $9,320,894 at the end of 1940.

A. Seton Post, Jr., a retired Vice-President of the Chase National Bank, New York, died of a heart attack on Jan. 15 at the Roosevelt Hospital, New York City. He was 65 years old. Mr. Post retired on Dec. 31, 1941, from an active banking career of more than 28 years with the Equitable Trust Co. and the Chase National Bank. He was appointed manager of the uptown branch of the Equitable Trust Co. in 1913, was elected a Vice-President in 1922, and continued with the Chase at the same branch on Madison Avenue at 45th Street after the Equitable-Chase merger in 1930. Born in New York City, Mr. Post was graduated from Yale University in 1898 and for a short time was connected with the Merchants National Bank in New York City. Thereafter he became associated with the American Sheet & Tin Plate Co. and traveled extensively through the west and south for that concern before joining the Equitable Trust Co.

Philip Torchio, President of the Bank of Naples Trust Co. of New York, and retired Vice-President of the Consolidated Edson Co. of New York, Inc., died on Jan. 14 at his home in Bronxville, N. Y. He was 73 years old. Mr. Torchio's career was mainly concerned with the electrical engineering field in which he spent 43 years. Born in Vercana, Italy, Mr. Torchio received engineering degrees from Italian universities and came to the United States in 1893. He had been President of the Bank of Naples Trust Co. of New York since its establishment in 1930. The bank was taken over on Dec. 11 by the New York State Banking Department as a result of the declaration of war.

At the regular meeting on Jan. 27 of the Board of Trustees of The New York Trust Company, Arthur A. Ballantine, member of the law firm of Root, Clark, Buckner & Ballantine and a former Under-Secretary of the United States Treasury, was elected a Trustee. Appointed an advisory counsel to the United States Treasury Department on matters pertaining to taxation in 1917, Mr. Ballantine later served as solicitor of internal revenue, as advisor to the Joint Committee of Congress on Internal Revenue Taxation in 1927, and as Assistant Secretary of the Treasury prior to becoming Under-Secretary of the Treasury in 1932.

George L. Morrison, Chairman of the Board and President of the General Baking Co., was on Jan. 29 elected a director of the Bank of the Manhattan Company of New York. Mr. Morrison has long been identified with the Storage Warehouse business and is President of the General Cold Storage Co. and of the General Warehouse Co., both located in Philadelphia, Pa. He is a director of the Philadelphia Manufacturers Mutual Fire Insurance Co., Philadelphia, and is a trustee of the Laukenau Hospital, of Philadelphia. He is a Mechanical Engineer and is a member of the Military Order of Foreign Wars, having served in the World War.

The Bank for Savings in the City of New York announced on Jan. 28 that Lewis Gawtry is retiring as Chairman of its Board of Trustees after nearly 40 years of service with the Bank. Mr. Gawtry is the senior trustee of the Bank having been a member of its Board since 1903. He was elected First Vice-President of the Bank in 1920 and President in 1926. In January 1941 he was elected to the newly created position of Chairman of the Board. Mr. Gawtry is a Director of the Guaranty Trust Co. of New York, the North British & Mercantile Insurance Co. and of various other corporations. For a number of years he has been active in the affairs of the Boy Scouts of America serving as a member of the Executive Board of the National Council and also as Treasurer of that organization.

The Discount Corporation of New York, in its annual report to shareholders, shows net profits for the year ended Dec. 31, 1941 after making provisions for taxes, of $306,202, which compares with a net loss for 1940 of $278,698. Dudley H. Mills, President of the Discount Corporation, reports that dividends amounting to $240,000 were declared during the year from undivided profits and that the capital funds now stand as follows: Capital $2,000,000; surplus $2,000,000 and undivided profits $1,598,499. In its statement of condition as of Dec. 31, 1941, the Discount Corporation lists total assets at $65,647,394; the principal items being United States Government securities, $45,381,348; security contracts, $17,023,602; cash in banks and on hand, $1,755,126 and acceptances, $1,259,209. Loans payable are reported at $9,700,000, as among liabilities, with United States Government deposit account at $33,230,785, U. S. Government securities borrowed, $6,545,719 and U. S. Government securities sold under repurchase agreement, $10,000,000.

Henry C. Meyer, Jr., President of Meyer, Strong & Jones, Inc., has been elected a Trustee of The North River Savings Bank, New York City.

The Bank of Westchester, Yonkers, N. Y., has received approval of the State Banking Department to reduce its capital stock from $981,275 to $881,815. The new capital account is made up of 55,054 shares of common stock of the par value of $10 each and 110,425 shares of preferred stock of $3 par value. The bank's capital formerly consisted of an additional 9,946 common shares.

The Second National Bank, Washington, D. C., announces the election of Joseph R. Fitzpatrick as Cashier. Mr. Fitzpatrick, an employee of the bank since 1921, was formerly Assistant Cashier. The bank also announces the promotion of Henry P. Hoffman and Tudor Whiton from Note Tellers to Assistant Cashiers.

At a meeting of the Directors of the State Street Trust Co. of Boston, Mass., Jan. 19, officers were reelected and the following promotions were made: To Assistant Treasurer: Charles Devens, Henry F. Hurlburt, 3rd; to Assistant Secretary: Raymond M. Hughes, Philip J. Potter.

Mr. Devens was graduated from Groton in 1928 and from Harvard in 1932. He has been with the bank since October, 1934, and is at present in the Credit Department.

Mr. Hurlburt was graduated from Harvard in 1931 and also attended Harvard Business School. He entered the bank in June, 1933, and is now in the Auditing Division. Mr. Hughes has been with the bank since March, 1917, with the exception of approximately a year of service in the last World War. Mr. Potter became associated with the Trust Company at the time of the merger with the National Union Bank in 1925. After experience in various departments, he is now devoting his time to the development of business for the Trust Department.

Horace K. Corbin, President of the Fidelity Union Trust Co. of Newark, N. J., announced on Jan. 19 the appointment of George W. Plage of the main office as chief teller. Mr. Plage started his career at the bank 28 years ago, on Dec. 1, 1913.

Arthur E. Crone, Vice-President of the Plainfield Trust Co. of Plainfield, N. J., and City Treasurer of Plainfield for 26 years, died on Jan. 18 at the age of 70. A native of Newark, Mr. Crone located in Plainfield in 1886 and began his banking career in 1894 with the City National Bank of Plainfield as Assistant Cashier. In 1926, when the bank was merged with the Plainfield Trust Co., Mr. Crone was made a Vice-President, which position he held at the time of his death. He was elected City Treasurer in 1916 and had been successively reelected to the office since then. Mr. Crone was also a member of the board of managers of the Plainfield Savings Bank and a former President of the Plainfield National Bank.

The Philadelphia National Bank announces that it has granted a leave of absence to O. Howard Wolfe, Vice-President and Cashier, in order that he may assume civilian duties with the Philadelphia Ordnance District of the U. S. Army. Mr. Wolfe has resigned as Cashier and at the regular meeting on Jan. 26 the Board of Directors appointed Milton D. Reinhold Vice President and Cashier. Mr. Reinhold had been a Vice President.

M. J. Fleming, President of Federal Reserve Bank of Cleveland, announced on Jan. 16 that the application of the Farmers and Merchants' State & Savings Bank of Montpelier, Ohio, for membership in the Federal Reserve System had been accepted, and that the institution is now operating as a member of the System. This is the first State chartered bank to be admitted to membership in the Fourth Federal Reserve District in 1942. The Farmers and Merchants' Bank was organized on Nov. 18, 1909, with a paid-in capital of $25,000, which was subsequently increased to the present capital of $60,000. The bank has operated continuously since incorporation without reorganization, and has never taken any waivers from depositors. Total deposits, at the present time, are approximately $1,450,000.

Net income of the Cleveland Trust Co. for 1941 after all charges and reserves amounted to $1,454,046, equal to $10.53 a share, compared with earnings of $1,419,800, or $10.29 a share in 1940. This was the report signed jointly by Chairman I. F. Freiberger and President George Gund and submitted to the annual meeting of the bank's stockholders on Jan. 21.

Profits were shown to have been allocated as follows: $1,100,000 was credited to surplus; $276,000 was paid in dividends of $2 per share and $78,046 was added to undivided profits. The reserve of $400,000 set aside in 1940 was added to surplus, making total increase in surplus $1,500,000. Federal Deposit Insurance payments increased $49,332. Taxes increased $186,775 to a total of $1,465,827.

The report pointed out that obligations of the Federal Government constitute 92.8% of the bank's total investment portfolio with 47% of the maturities due in from three to ten years. Total investments in U. S. Governments are $174,091,824. The report also stated:

"We have continued throughout uncertain and changing economic conditions to maintain a conservative position, increasing our total investments during the year to approximately $187,600,000 against $106,668,873 at the end of 1940. The continued factor of low interest rates prevailing on investment securities and on funds for commercial loans has made it difficult to find profitable use for our funds. This bank, like all well-managed banks, was never more eager for reasonable loans than today, keeping constantly in mind safety ahead of earnings."

Other features of the report showed that:

The increase in total deposits from $436,959,344 in 1940 to $491,309,885 in 1941, is attributed largely to war activity.

During the year, $1,200,000 of capital notes were retired; $400,000 of this sum was in reserves and the remainder was taken from earnings.

Other real estate account is now only $3,145,500, a net reduction of $1,621,734 in 1941.

William O. Kurtz, Vice-President and Director of the Illinois Bell Telephone Co., was elected a Director of the American National Bank and Trust Co. of Chicago at the annual meeting of the bank's Stockholders held on Jan. 13.

In his report to the Stockholders Mr. Stern, President, said the Bank had experienced a satisfactory year in 1941, reporting $349,106 in net earnings after reserves for contingencies and preferred dividends and not including profits realized on the sale of securities which were credited to securities depreciation reserve. This compares with $332,005 net earnings in 1940. The Bank also showed a substantial growth in 1941, reporting $91,383,557 in deposits on Dec. 31, compared with $79,089,872 on Dec. 31, 1940.

At the annual meeting of the Board of Directors held immediately following the Stockholders' meeting, a $4 semi-annual dividend on the common stock was declared out of the Bank's earning for the last six months of 1941.

The Directors elected Charles C. Kuning and Leigh R. Gignilliat, Jr., as Vice-Presidents. Both formerly held the title of Assistant Vice-President.

Other official appointments made by the Directors were Edward A. Berndt, Assistant Trust Officer; Kenneth R. Wells, Assistant Cashier; and Robert Lindquist, Advertising and Publicity Officer,

Stockholders of the Continental Illinois Bank & Trust Co., Chicago, at the annual meeting on Jan. 9, elected Frank F. Taylor, Senior Vice-President in charge of the bank's trust department, a member of the Board of Directors. The 16 retiring Directors were re-elected. The usual semi-annual dividend of $2 a share was declared, maintaining the rate which has been in effect since the beginning of 1940. Walter J. Cummings, Chairman of the Board, reported that the earnings were good and that the bank is in a strong position. At a meeting of Directors, following the stockholders' meeting, the Board promoted Spencer L. Hart and Fred M. Naber from Second Vice-Presidents to Vice-Presidents and advanced eight other men. New officers in the commercial banking department, all Assistant Cashiers, are Harry L. Jones, Wilfred E. Resseguie, Leslie A. Anderson, Harry V. Dyke, Millard S. McGuffin, and Paul E. Miller. Osmond A. Jackson of the New York office of the bank was also made an Assistant Cashier. Holly P. Blessing was made an Assistant Secretary of the trust department.

Herbert L. Horton, President of the Iowa-Des Moines National Bank & Trust Co., Des Moines, announces three promotions in the bank's staff, as follows: Clyde H. Doolittle from Trust Officer to Vice-President and Trust Officer; Orville M. Garrett, from Assistant Vice-President to Vice-President, and Verne T. Bonnett, from Assistant Cashier to Assistant Vice-President.

E. F. Bulkley, Vice-President of the Central National Bank & Trust Co., Des Moines, Iowa, has been named President of the institution. W. J. Goodwin, who has been President and Chairman of the Board, will continue as Chairman. Mr. Bulkley has been in the banking business in Des Moines since 1914 and been a Vice-President of the Central National Bank since 1935. The bank also promoted Emmett E. Johns and Fred H. Quiner from Assistant Vice-Presidents to Vice-Presidents.

The Montrose Savings Bank, Montrose, Mo., became a member of the Federal Reserve System on Jan. 15, thus bringing the total membership of the St. Louis Reserve Bank to 438. The new member, chartered as a State bank in 1895, has a capital of $25,000, surplus of $5,000 and total resources of $270,253. The bank's President is D. C. Calhoun.

The officers and directors of The First National Bank of Great Falls, Mont., announce with regret the death of the Chairman of its Board, Sam Stephenson. On Jan. 26, Mr. Stephenson, who was 73 years of age, was born in Indiana, was graduated from Miami University at Oxford and in 1892 was admitted to the Ohio bar. Locating thereafter in Great Falls, he established a law office which eventuated in the present firm of Cooper, Stephenson & Glover.

In 1915 he became President of the First National Bank of Great Falls, a position which he held for about 20 years. He had since been Chairman of the bank's board. He was also President of the Great Falls Townsite Co., and the Rocky Mountain Fire Insurance Co.

Following the annual stockholders meeting of the Citizens National Trust & Savings Bank of Los Angeles, held January 13, President H. D. Ivey announced that George W. Hall, President of the Western Lithograph Co., Coast Envelope and Leather Products Co. and allied interests, was elected a director of the Bank.

Directors of the Citizens National Trust & Savings Bank at their annual organization meeting on Jan. 15 elected five officers to new posts and re-elected all other officers of the bank, it was announced by President Ivey. In its advices the bank says:

> William H. Andrews was elected to the office of Vice-President. Mr. Andrews joined the bank's credit department in 1925, and in 1930 was made manager of that department. In 1933 he was promoted to Assistant Cashier and has served as Assistant Vice-President since 1936.
>
> Frederick J. Thieme, Jr., was advanced to Assistant Trust Officer. He first became associated with the bank as an investment analyst for the trust department in 1935, and has headed the investment division of that department since that time.
>
> Elmer M. Peterson was named Assistant Secretary of the trust department, having joined the Hill Street Office staff of the bank in 1928. Mr. Peterson organized and has been head of the real estate division of the trust department since 1933.
>
> Gilbert B. Whitehead, elected as manager of the collection department, started with the bank as a bookkeeper in 1921.
>
> Albert H. Jehl was advanced from Assistant Manager to Manager of the Central Manufacturing District Branch of the bank. He started as a messenger in 1917.

Increased industrial activity, higher deposits, greater loans and enlarged volume of business are reflected in the 110th annual statement of the Bank of Nova Scotia (head office Halifax) as at Dec. 31, 1941, made public Jan. 26. Total assets are $380,393,282, a new all-time high for the bank, an increase of over $51,000,000 during 1941. Total deposits are up over $27,000,000, and commercial loans are up over $12,000,000. It is said that the figures provide satisfactory evidence of the part taken by the bank in the war emergency, in financing of war industries and providing in other directions the enlarged banking services required under present conditions. The announcement further states:

> Although heavy withdrawals were made by depositors for investment in the Victory Loan, deposits by the public totalling $287,962,403 show an increase of over $24,000,000 as compared with the previous year. Of this increase approximately $21,000,000 is in the non-interest bearing class, representing increased balances in business accounts. Approximately $3,000,000 is in interest-bearing accounts. Deposits from Dominion and Provincial Governments are increased over $3,000,000. Other balances, made up of deposits of and balances due other banks (Canadian and Foreign), total $6,306,647 — showing little change.
>
> Current loans in Canada total $106,195,902 — an increase of $12,856,886; there is a small decrease in loans outside of Canada, but after allowing for this there is a net increase of approximately $12,000,000 in commercial loans. Loans to Provincial Governments, cities and municipalities are down approximately $1,000,000. Call and short loans, secured by stocks and bonds $3,970,255, show a reduction in the year of $1,415,917.
>
> Investments aggregate $132,116,215, an increase of approximately $1,000,000 from the previous year. This total includes Dominion and Provincial Government securities maturing within two years amounting to $50,907,187, an increase of $1,536,148 in the year. Other Dominion and Provincial Government securities are $58,526,070—much the same as last year. Municipal and other securities total $22,682,957.
>
> Cash, including deposits with the Bank of Canada, represents 12.51% of total liabilities to the public. Immediately available assets, including cheques of other banks and balances due from banks and correspondents in and outside of Canada, together with cash assets as above, represent 23.44% of total liabilities to the public. Total quick assets, which include the above items, as well as investments and call and short loans against stocks and bonds, amount to $216,528,965 and represent 33.10% of total liabilities to the public.

A comparison of the bank's operating statements for 1941 and 1940 follows:

	1941	1940
Net profit	*$1,935,602	$1,941,330
Dividends	1,440,000	1,440,000
Officers' Pension Fund	205,000	200,000
Written Off Premises	250,000	250,000
Added to Profit & Loss	40,602	51,330
	$1,935,602	$1,941,330

*After Dominion Taxes of $1,061,949.

Calls For Ending NY Mortgage Moratorium

Outright termination of the New York State mortgage moratorium is called for by Myron S. Short, Chairman of the New York Savings Banks Association's Committee on Legislation and Vice-President of the Buffalo Savings Bank, in a statement issued on Jan. 27. "The absurdity is apparent," Mr. Short said, "of considering legislation on the one hand to establish price and rent controls so as to avoid skyrocketing prices, and on the other to extend the moratorium on mortgage payments. The economic conditions underlying these measures are directly opposite," said Mr. Short, who continued:

> What justification is there for extending any longer this protection which a small minority of debtors has enjoyed for ten years, when at least nine out of every ten of New York's home owners are apparently able to pay regular amortization on their mortgages, and neither need nor are affected by the moratorium? Case studies which the savings banks have filed with the Joint Legislative Committee on the Mortgage Moratorium reveal example after example where well-to-do people, owning properties on which they borrowed prior to 1932, are openly taking advantage of the moratorium and admittedly using their funds for other purposes rather than pay anything on these just debts. On the other hand, all but a small minority of those whose mortgages were under the moratorium have voluntarily worked out agreements with their mortgagees gradually to pay off the principal of their loans. No time should be lost in giving relief to the widows, orphans and small savings depositors whose funds are tied up in these old mortgages, and who are facing the risk of heavy losses because sharpsters are taking advantage of an outmoded law.
>
> There is no basis in fact for any claim that the emergency which permitted the passage of the moratorium legislation still exists. New York heads the list of all states in dollar volume of defense contracts. Wage rates, weekly earnings and employment have risen by leaps and bounds. People generally have a better ability to pay now than they had for years, and borrowers should protect themselves against the post-war shock by getting out of debt now. Further, economists agree that purchasing power should be reduced by every reasonable method.
>
> The argument is also cited that if the moratorium were lifted, mortgagees would demand full payment of principal. This, of course, is fallacious, as is proven every day by the dealings with the mortgagors not so protected. If a demand for full payment was made, however, the keen competition in the mortgage market today would make refinancing a simple matter.
>
> Finally the dislocations of the emergencies of the '30's must be adjusted if we are to have a healthy economy after a temporary war prosperity. Legislation such as the mortgage moratorium serves only to continue these ill effects, and should be eliminated at the earliest moment.

OPA Tire Orders

In an amendment to the original tire rationing order, Price Administrator Leon Henderson ruled on Jan. 21 that tire dealers, distributors and wholesalers who are overstocked with new tires or tubes or who wish to liquidate their investments completely are allowed to sell them back to their suppliers at prices which "permit them to recover their investment." As revised, the tire order also permits dealers, distributors and wholesalers to replenish their stocks of new tires and tubes by presenting certificates and receipts obtained from sales of new tires and tubes to "eligible" buyers.

The Government early in January suspended sales of new tires to ordinary civilian users. Under a tire and tube rationing plan, which went into effect on Jan. 5, seven groups of eligibles, covering vehicles used exclusively in protection of public health and safety or for essential freight and bus transportation or industrial and commercial operations, were given a nation-wide January quota of 356,974 tires to be distributed by local rationing boards. Plans for the rationing program were discussed in these columns Jan. 1, page 29. The OPA fixed maximum prices for new tires at those levels in effect, on Nov. 25, 1941, for the manufactured brands and for private brands at a level 10% below the standard prices.

On Jan. 19 an emergency schedule of maximum prices for old tires which can be retreaded or recapped went into effect. Mr. Henderson had also disclosed that he would impose in the near future a price ceiling over all used tires. No rationing plan for used tires is in effect. The schedule for second-hand tires was issued to prevent profiteering which, Mr. Henderson said, had also reached "serious proportions."

A $400,000,000 Government program for production of synthetic rubber—designed to make the United States independent of the Far East for all military and many civilian rubber needs—was announced on Jan. 12 by Federal Loan Administrator Jesse Jones. The new rubber factories call for attaining an annual output of 400,000 tons.

Canadian Exchanges To Change Trading Hours

The Toronto Stock Exchange's management committee has decided to return, beginning on Feb. 9, to the former trading hours of 10 a.m. to 3 p.m., Eastern daylight time, thus conforming to the trading hours then to be adopted by the New York Stock Exchange, according to Canadian press advices of Jan. 27.

The Winnipeg Grain Exchange will operate from 9:30 a.m. to 1:15 p.m., Canadian daylight time (10:30 a.m. to 2:15 p.m., Eastern daylight time), Monday to Friday, and from 9:30 a.m. to 12 noon, Canadian daylight time, on Saturdays after Feb. 9, when the United States and Canada adopt nation-wide daylight-saving time, according to these same advices. The Exchange now operates at the same hours, but on Standard time.

Inventory Unification Policy Liberalized

To avoid any possible interruption in the production or delivery of war materials, the SEC announced the establishment of a liberalized policy with respect to its requirements regarding physical inventory verification by independent public accountants.

The Commission said that "where the customary taking of inventory (including observance or test-checking by auditors) would curtail production of war materials, such procedures may be omitted so long as all reasonable and practical alternative measures are taken by the company and its independent public accountants to assure the substantial fairness of inventory amounts stated in the financial statements and proper disclosure is made." The SEC announcement further said:

> Whenever inquiries on this point have been received from registrants engaged in the production of war materials, it has been the policy to discuss with the registrant and its accountants the extent to which normal procedures may be followed without curtailment of production, and the extent to which it is reasonable and practicable to employ alternative procedures or to extend other normal procedures with a view to obtaining the most satisfactory possible determination and review of inventory amounts. Through the use of extended or substitute procedures, it has ordinarily been possible in these cases, for the independent public accountants to satisfy themselves as to the substantial fairness of the inventory amounts and thus to express their opinion without taking exception to the substantial fairness of the representations as to inventories, although their certificate indicated the extent to which the normal auditing procedures of observation or test-checking of the inventory had not been employed.
>
> On the basis of such conferences and correspondence where full disclosure of the circumstances has been made in the financial statements and certificates, no objections have been raised to the omission of normal procedures with respect to statements for the current reporting period of companies engaged in the production of war materials.

SEC Delays Utility Rule On Debt Payments

The Securities and Exchange Commission announced on Jan. 21 that it will not adopt a rule at this time dealing with payments by subsidiaries of registered public utility holding companies on indebtedness held by the parent companies.

A preliminary draft of such a rule says the Commission was submitted to the utility industry for comment on April 16, 1941, and was the subject of a public conference on June 10. The Commission on Jan. 21 added:

> The proposed rule prohibited a registered holding company or subsidiary thereof, which was in arrears in the payment of dividends on any class of its cumulative preferred stock, from making any payment on principal or interest on any indebtedness held by the parent unless a declaration covering the proposed transaction had become effective under the Holding Company Act.
>
> The Commission has concluded, however, that for the present it will be more satisfactory to deal with problems of this character by order, on notice initiated by the Commission, than by the alternative procedure suggested in the proposed rule.

Foreign Front

(Continued from First Page)

parent concentration on beating Hitler first, despite the marked progress of the Japanese in the Far East. China, Australia and New Zealand are profoundly concerned, and repercussions of the discontent are evident also in Great Britain and the United States.

It is, of course, infinitely better to recognize such undercurrents in democratic countries, and to make suitable explanations, if possible, than to disregard the signs of popular uncertainty. To a degree, Prime Minister Churchill already has indicated the reasons for the inadequate defenses of the United Nations in the Pacific. In his addresses before the House of Commons, last week, Mr. Churchill emphasized the transport problem, and made it clear that it simply was not possible to supply all actual and potential fronts.

President Roosevelt let it be known early this week that he plans to make a speech Feb. 23 on the course of the conflict. The announced aim will be to provide the people with a clearer understanding of the course of the war, and to dispel the poisonous rumors afloat. In some recent pronouncements, Mr. Roosevelt already has tried to correct false impressions created by some of his more voluble Cabinet Ministers, who concentrated on the denunciation of Hitler and neglected the Japanese. The President emphasized that the war will be total in all spheres and that everything possible will be done in all areas of combat.

Indicative of the more recent trend are strenuous efforts in London and Washington to aid the Far Eastern victims of aggression, and to placate the great nations that feel themselves slighted in defense arrangements. Australia and New Zealand are assured of more influence in the policy-making central war boards. A proposal for a loan of $500,000,000 to China was announced by President Roosevelt, Monday, and the British Government acted on the same day to make £50,000,000 available to the Chungking regime. These sums are designed to assist China not only in the war effort, but also in her internal economy.

Arrival of American troops in Northern Ireland last week has produced a storm of criticism, in view of the unaided fight of General Douglas MacArthur in the Philippines. The fact is that reinforcements aplenty would be sent to Mac Arthur, if there were means available for getting them to Bataan Peninsula through the Japanese screen. The British Minister of Supply, Lord Beaverbrook, disclosed last week in a general statement that American troops were sent to Northern Ireland at the request of Mr. Churchill, which suggests that psychological factors probably called for that move. Irish Free State authorities took strong exception to the landing of American troops in Ulster, last Friday, on the alleged ground that the neutrality of Eire is threatened thereby.

Singapore Besieged

Some 60,000 British Empire troops completed a weary march across the causeway from the Malayan mainland into Singapore, last Saturday, before vastly more numerous forces of invading Japanese. With that action a new and decidedly critical phase of the Battle of Eastern Asia began. The disheartening delaying action of the British Imperials down the Malay Peninsula granted precious hours for augmenting the defenses of the island which holds the gigantic British naval base of Singapore. The forces on the island promptly were dedicated to an indefinite and unyielding defense. But the fact that Singapore now is under siege remains a matter of such importance as to defy exaggeration.

The bastion of Singapore is in various ways the key to the holdings of the whites in the Far East. Its significance as the control point for traffic between the Pacific and Indian Oceans has been too often emphasized to need reiteration. Both the military and psychological necessity for holding the island must be apparent to everyone. Thailand already is on the Axis side, and China and Burma have shown signs of discontent. If the Far East is not to be lost entirely, Singapore must be held.

The valiant British defense moved down the mainland of the Malay Peninsula swiftly toward the end of last week. Japanese troops drove forward recklessly in frontal assaults, and the methods of infiltration were continued. Heavily outnumbered, the Imperials finally were drawn back into Singapore, and sappers dynamited the broad causeway which connected the island with the mainland. This phase of the battle was completed last Saturday, and the siege of Singapore then began.

Since the naval base is on the land side of the island and therefore is only a mile from the Japanese guns, it is obviously of no use for servicing large ships. Two small and ancient British destroyers moved out of the base late last week, and engaged a superior force of Japanese naval units. In this engagement the Japanese turned tail and fled, leaving a British destroyer sinking, while losing one of their own destroyers in the unequal battle.

When all British Imperials were gathered from Malaya into Singapore, a statement was issued by Lieut. Gen. A. E. Percival, commander of the British forces. The task of holding the fortress until help can come, as assuredly it will come, will be accomplished, he said. There is plenty of water in the island for the sizeable population, but less is known of the food supply. Just before the siege began, it appears, a British fleet of transports reached Singapore with reinforcements. The Australian Army Minister, Francis M. Forde, declared at Canberra, Tuesday, that resources of the United Nations are being marshaled for the relief of Singapore.

Only modest direct attacks by the Japanese against the Singapore defenders so far have been reported, but little time obviously will be granted to the defenders for organizing their forces. Gun duels across the narrow Johore Strait already are reported. More important are heavy bombing attacks by the Japanese, whose aerial superiority presumably was augmented by the fall of Malaya, with its numerous airdromes. In some of the aerial bombings damage was admitted by the British.

To the siege of Singapore was added a further disaster, last Saturday, when the Burmese city of Moulmein fell into the hands of advancing Japanese units. Only a thin defense was possible against the Japanese in the jungles eastward of Moulmein, which lies on the broad Salween River. Crossing of the river was attempted by the invaders, but they were beaten back with heavy losses. The port of Rangoon, vital in the Burma Road supply route for China, is the obvious goal of the Japanese drive, but Rangoon is situated across Martaban Bay and is well defended.

Malay Barrier

Along the 4,000 mile stretch of Netherlands East Indian, British and Australian-mandated islands, known as the Malay Barrier, furious fighting continued this week between the Japanese and the various forces of the United Nations. Impressed with their need for haste and for whatever successes, they can achieve before the democratic countries organize their Far Eastern defenses, the Japanese pushed forward desperately and regardless of losses. They gained some territorial successes, but losses inflicted upon them in men, shipping and airplanes are insupportable for any length of time.

The greatest of all battles apparently is that of the Macassar Strait, where an armada of invading transports met the attacks of British, Dutch and American naval and aerial units. Japanese ships were sunk at a rate of more than one a day in this vast action, and some important Japanese naval units also were lost. As the transports went down, thousands of Japanese soldiers perished beneath the waves. But still the Japanese came on, and the battle continues.

On both sides of the huge island of Borneo, Japanese landings now have been effected, and the enemy thus has made important gains. Balik Papan, oil port on the east coast, and Pontianak, on the west coast, appear to have succumbed. It is in these engagements that the Japanese lost most heavily, and the question cannot yet be answered as to whether their gains justified their immense losses.

A further Japanese invading fleet moved on the secondary Dutch naval base of Amboina, late last week, and the final issue of that engagement is in some debut. Heavy aerial bombing by the Japanese preceded a landing by troops, and the last reports from the island stated that naval and other installations were being destroyed, systematically. Batavia noted on Monday that communications with Amboina have ceased.

All of this signified a growing menace to the main Netherlands base of Surabaya on the highly populous island of Java. The expected Japanese aerial attack on Surabaya developed Tuesday, and the Dutch authorities admitted that considerable damage was done. But this is the best defended point in the entire chain of islands, and it is obvious that it will be defended to the hilt.

At points in Celebes and in Borneo which the Japanese attacked some weeks ago, heavy battles continue, according to late reports from the Dutch capital of Java, Batavia. At the easternmost end of the vast archipelago, in the Australian islands of New Britain and New Ireland, the Japanese apparently have gained some ports, with the obvious aim of closing the United Nations' supply route through Torres Strait, between Australia and New Guinea. Australian fliers bombed the port of Rabaul, on New Britain island, repeatedly.

Philippines Defense

After nearly two months of heavy battles, defenders of the Philippines under the able General Douglas MacArthur still hold out in the fastnesses of Bataan Peninsula and in the fortress island of Corregidor. If the supply problem is becoming serious for our troops, there is no hint of it in the dispatches concerning the struggle. Reinforcements obviously cannot be sent to MacArthur on anything approaching an adequate scale, and no one knows this better than the fighters on the spot. But still the battle goes on.

There are some signs, on the other hand, that the Japanese steadily are augmenting their blows at the weary defenders and increasing the number of troops endeavoring to move down Bataan. That they have made a little progress likewise is apparent from the official reports, which now indicate that the town of Balanga is in the battle zone. This little town is about half-way from the head of Manila Bay to the tip of Bataan Peninsula. The Japanese also seem to be attempting sea infiltration, for a successful attack on an enemy warship in Manila Bay was reported Tuesday. Landings were tried on several occasions, but always were beaten back with severe losses to the Japanese.

That the Pacific Fleet is at long last taking a part in the gigantic conflict was made known last Sunday, after a sharp and successful attack by our warships of all combat types on Japanese bases in the Marshall and Gilbert Islands, situated along the route from Hawaii to Australia. The supply question for the Far Eastern units of the United Nations is, of course, a vital one, and the attack last Sunday presumably was intended to discover weak points in the enemy chain of "stationary aircraft carriers," which bolster the Japanese control of the Western Pacific.

The surprise attack was highly successful, according to Washington, and a number of Japanese auxiliary ships went to the bottom, or were beached. Aerial bombing and naval gunfire heavily damaged the Japanese installations on the islands, which are on the outer fringe of the Japanese defenses. Tokio admitted merely that a little damage was sustained, and confirmed our own official report that 11 airplanes were lost in the battle. The real significance of this raid is, of course, in the start of offensive action by our Pacific Fleet.

Western Atlantic

German submarine activity just off the Atlantic Coast of the United States and Canada continues to harass both coastwise and trans-Atlantic shipping, but the losses, while painful, are reported modest when contrasted with the safe arrivals and departures of vessels. Published accounts by the "informed" commentators suggest that some 30 or more submarines are operating in the Western Atlantic, and observers in the insurance world appear to hold similar views. No official estimates have appeared.

Reports of sinkings have been sparse in the last few days, which is not necessarily an indication that none has occurred. The sinking of the Canadian passenger liner Lady Hawkins, 7,988 tons, was announced last Thursday, and a serious loss of life was indicated. Only 71 survivors were reported immediately, leaving 250 men, women and children unaccounted for. The U. S. tanker Rochester, 6,836 tons, was sunk late last week, and some British survivors of a ship torpedoed off the Canadian coast reached port at the same time. More satisfactory was word that the Pan-Maine, which last week was reported attacked, reached port safely.

The Navy Department in Washington announced late last week that counter-measures against the submarines are becoming increasingly effective. Breaking its rule of silence as to submarines actually sunk, the Department made known a report from an aerial pilot which is sufficiently remarkable to warrant the action. "Sighted sub, sank same," the pilot said.

Churchill And Hitler

Pronouncements by the leaders of the opposing forces in Western Europe overshadowed the actual war developments in that theater of the gigantic conflict in recent days. The fighting was confined to aerial bombing, which was largely sporadic in nature. British airmen hammered at the nearby French coast, and also sent their missiles hurtling upon German industrial towns and ports. German fliers raided British and Scottish towns on a few occasions, and appeared also over Northern Ireland, where the new American Expeditionary Force has landed. The Battle of the Atlantic apparently has been transferred to the American coast, for the time being.

Prime Minister Churchill closed the momentous three-day debate in the House of Commons on the conduct of the war by prideful references to the vanguard of the new AEF last Thursday, and immediately was accorded the overwhelmingly supporting vote of 464 members, with only 1 opposed. Arrival of the Americans in Ulster will give the British a latitude of maneuver not previously available, Mr. Churchill declared. It will act as a deterrent to invasion, and also will make possible direct dispatch to the Far East of war materials manufactured for British account in the United States.

The German Fuehrer, Adolf Hitler, called his Nazi minions together last Friday, to hear his oration on the ninth anniversary of his assumption of the Chancellorship. Virtually all of the address was devoted to attempts at justifying the Nazi course in international affairs, and to vilification of Prime Minister Churchill and President Roosevelt. Hitler admitted, however, that the Reichswehr is on the defensive in Russia, and he assumed full responsibility for this. He indicated that the number of Nazi submarines has been increased enormously, and asserted that the United States now will realize what such craft can accomplish.

Rommel's Drive

General Erwin Rommel, who has gained a word of praise even from Prime Minister Churchill, continued to lead his Axis forces eastward in the latest phase of the Libyan campaign, this week. The sudden turn of the German commander two weeks ago unquestionably was facilitated by shortening of his own supply lines, and lengthening of the British lines. It is at least possible that some British units were withdrawn to reinforce the Far East, and that Rommel was aided also by such factors.

The uncertainties of the battle over vast stretches of desert, in which tank battalions maneuver like battleships, are such that British authorities confidently predicted a week ago the halting of the Germans and Italians. But Rommel executed a sharp turn toward the coast which took the British again by surprise, and Bengazi fell once more to the Axis troops late last week. From that important coastal point the Axis units resumed their march, which again is carrying them far from their supply bases. Harrying attacks by British Empire units are slowing the Germans.

A Cabinet crisis developed in Egypt, Tuesday, which may have some bearing on the struggle. The youthful King Farouk and the British authorities apparently are at odds, for London stated that "the loyalty of King Farouk to the alliance is by no means above suspicion." In Irak and Iran the British are reported to be maintaining a close watch, in order to prevent Axis propaganda seeds from flowering.

Russian Advances

Strenuous Russian drives against the German invaders are continuing, and form the most encouraging reports currently received from any of the many fronts on which the United Nations are battling the Axis aggressors. There were signs, early this week, of intensified German efforts to halt the advancing Russians. While the bitter cold of winter prevails,

however, there seems to be every likelihood of fresh Red Army successes against the Reichswehr. for the Russians have important cavalry units which can maneuver even in the worst weather, whereas the Germans rely almost entirely on mechanized equipment which functions poorly, if at all, in temperatures ranging down to 40 degrees below zero.

That the German commanders already are looking forward to the Spring is indicated in heavy enlistments within the Reich, and troop movements eastward, reported from Stockholm and Berne. Chancellor Hitler referred only briefly to the Russian front, in his address in Berlin, last Friday. "We have before us an opponent superior in numbers, but in the Spring we shall be as numerous," Hitler declared. "We shall defeat him again by force of arms," he added, as he promised the depressed Germans fresh victories in 1942. Moscow authorities countered with an assertion that German losses have been too heavy to permit of a resumed offensive by the Reichswehr.

Official reports of the actual fighting in Russia remain extremely laconic on the German side, and remarkably verbose but not too revealing on the Russian side. Berlin merely remarked from day to day that heavy fighting continues. Moscow announced sweeping drives in a dozen sectors, and some of these moves were identified as into the Ukraine and along the Leningrad - Moscow sector. But Moscow, on occasion, specifically withheld names of towns retaken, on the alleged ground that such action would confuse the German commanders. Leningrad remains under siege, which is one of the more perturbing commentaries on the Russian claims.

Far to the southward, on the Crimean Peninsula, the Russians admitted on Monday that their hold on Theodosia had been broken by the Reichswehr. Berlin made that action known two weeks earlier. The Russians claimed this week the sinking of many German troop transports in the Arctic. The Russo-Finnish front appears to be stabilized, for the time being.

Pan-American Solidarity

Although that degree of Pan-American solidarity which Washington desired was not quite achieved at the Inter-American conference in Rio de Janeiro, the results of the gathering which ended Jan. 28 have amply justified the great efforts made to unify this hemisphere. Argentina and Chile refrained from immediate severance of diplomatic relations with the Axis Powers, but one by one all other American Republics took such action. And even the two hesitant States joined in resolutions which, in effect, impose hemispheric sanctions against the world aggressors.

Following the official termination of the conference, delegates from Peru and Ecuador signed on Jan. 29 a protocol for the settlement of the century-old boundary dispute which often embittered relations between these countries, and occasionally brought about actual conflict. Ecuador will receive about 80,000 square miles of the disputed area, and permanent boundaries are to be drawn. Even if the gathering had achieved nothing more than the settlement of this ancient quarrel, it would have to be counted a success. There remain, it may be added, a number of other territorial disputes which also should be settled amicably.

The conference already has been followed by some interesting developments and suggestions in Washington, not all of which can be viewed with equanimity. Secretary of the Treasury Henry Morgenthau, Jr., suggested late last week that a plan may be adopted whereunder the United States will pay for British purchases in Latin-America, via the lend-lease route. To the extent that such financing is absolutely necessary for the British war effort, it might be condoned, although the practice obviously would be unfortunate beyond that.

With only nine Senators in the Chamber, ratification was voted last Thursday in Washington of the treaty with Mexico whereunder numerous small and some more important claims are settled, on the basis of long-term payments by Mexico of $40,000,000. Some stringent criticisms of the "one-way" Good Neighbor policy were voiced as the accord was ratified. The controversy over the Mexican "expropriation" of American and British oil properties was not finally settled by this remarkable document, which constitutes only one of its grave defects.

That the Rio de Janeiro conference probably made possible some private discussions leading to settlements of long-standing disputes is fairly obvious. Dispatches from Bolivia indicated, early this week, that American claims for oil property seizures by that country were settled at a cost to Bolivia of $1,000,000. At the same time, it was announced that the official Export-Import Bank of Washington will lend Bolivia $5,500,000 for the development of her oil industry. This sort of bargain emphasizes the "one-day" nature of the Good Neighbor program.

From Washington

(Continued from First Page)

conjunction with representatives of the Canadian Government, worked out a plan whereby all tariff barriers would be removed "for the duration of the war" on all goods affecting war articles. Manifestly, most anything made these days comes under the head of war materials. Insofar as this American-Canadian agreement is concerned, agricultural products and lumber certainly come under the heading of war materials and are affected by the agreement.

Mr. Roosevelt directed Milo Perkins, who is Henry Wallace's right hand man on the Supreme Economic Council, to ascertain what legislative authority would be necessary. Following this has come the agreement at Rio by which all tariffs between Latin American countries and this country would be removed — on war materials and for the duration of the war. It develops now that Mr. Perkins, in his research, has dug up an old law, maybe a hundred or so years old, by which it is claimed the Chief Executive doesn't need any legislative authority. In other words, the old issue of the tariff, an issue which has had its ups and downs in this country almost ever since the country was born, an issue on which the people have at times changed their governments, would be settled in favor of the free traders by executive decree. It strikes this writer that the matter has tremendous implications. And I am not going into the relative merits of the tariff. It is a fact that the free traders made a tremendous advance when in 1934, the New Deal Congress voted Cordell Hull the reciprocal trading powers. Hull had long cherished the idea that tariffs were the root of all international evil, ill feeling, wars and whatnot. Well, it is doubtful if any man in all of our history has ever been given freer reign to carry out his idea. We know that the result has not been to ease the tension among nations in the slightest, that peace has certainly not come to men.

In fact, there is a question of whether History will not give a chapter to the fact that instead of easing the situation of Germany in the family of nations, Hull did not become embittered towards that country because while he was working out these treaties with the European continental countries, Hitler was moving out towards them and nullifying his efforts, and Hull was responding by tightening the economic squeeze around Germany. The great game of international politics is one of personalities.

Be that as it may, it would seem to be a tremendous thing to remove the tariffs of the American continent by executive decree, or even with Congressional authority under the guise of war's necessities. With the Delano report that many of these economic changes will be permanent, is the statement of the journalist Anne O'Hare McCormick of the "New York Times," who after talking with Mr. Roosevelt, reported that he envisaged a world without customs or tariff barriers.

In the meantime, it is impossible for this writer to envisage the broad potentialities of the making of all of the American continent into one economic unit. The fact is that American businesses are having to shut down, that long built up trade marks or advertising slogans will be mute for the duration of the war. Is it contemplated to let a flow of goods, cheaper made goods, come in behind these industries while they are hors du combat?

Furthermore, Leon Henderson has been given control of the country's price structure around which wages are paid, our standards of living maintained. Will he attempt to establish a lower price structure on the basis of goods coming in free from our neighbors to the South? Verily, we are moving rapidly these days.

To my mind, there is nothing more significant of the trends, than a question which Senator Ball of Minnesota, a relative youngster, asked Donald Nelson the other day. For months there has been an agitation against the Dollar-a-year men. How can these men serve two masters, it is asked.

It is a part of the class warfare still running through the country that there has been this agitation. It has had a two pronged purpose. First, the New Dealers wanted to get the jobs out of the hands of the business men. They not only wanted the salaries which would go with the jobs for their fellow intellectuals, but they wanted absolute control of the war program. They want men of their kind in Washington.

But aiding and abetting them have been Senators and Congressmen, who without understanding the broader implications of the attack, figure they would get a lot of patronage out of having $8,000 and $10,000 a year men do the job. Senator McKellar of Tennessee, who unblushingly belongs to that part of the Andrew Jackson school which taught that to the victor goes the spoils, once introduced a bill providing that "young men" at $8,000 and $10,000 a year be given the Dollar-a-year jobs.

The agitation came to a head recently before the Truman Committee.

Senator Ball asked Nelson if the Dollar-a-year men "were not prejudiced in favor of the capitalist system."

Notwithstanding that Nelson has played along with the New Dealers this one made him gulp. Wouldn't it turn out to be an amazing thing if the business men of this country, if the great majority of people, in fact, were "prejudiced in favor of the capitalist system."

The youngish Senator Ball doesn't understand yet why Nelson gulped. A couple of years ago he was a reporter for the St. Paul "Pioneer-Press" covering the State Capitol. He knew the boy wonder, Harold Stassen, who was elected Governor. When a vacancy occurred in the Senate from Minnesota, Stassen appointed him. As usual, his coming here was accompanied by a lot of publicity to the effect that here was a Senator who had been a newspaperman, who was therefore unusually smart, who, in fact, could read and write. What the radicals have done to him since he reached here is nobody's business. They have cultivated him and told him how they are glad to see a Senator who is smart, having been a newspaperman, not one of those old reactionary Senators, but a man who understood the "new order," on account of his being young and also a former newspaperman. They've done a good job on him. It's pathetic. Such a good job on him has been done that he wants to know if business men serving here might not be "prejudiced in favor of the capitalist system."

The equivalent to Britain's House of Commons is the round of press conferences which go on every day in Washington. Such information about the goings-on in Washington as gets out is due to the 500 or more newspapermen who go from one official to the other and subject him to a severe quizzing. In Britain, Churchill is periodically hailed before the House of Commons to answer questions. In Washington some official is almost daily being subjected to about as searching an inquiry as could be imagined.

Notable among these conferences are those which the President holds. He prides himself on being able to give and take with the correspondents. There has been considerable agitation among his advisers of late to cut these conferences out on the grounds that these are war times and that he is liable to make a dangerous slip. He is reluctant to do so, pride entering into it as much as anything else.

Last week he slipped badly. His coordinator of housing, Charles F. Palmer, a protege of Mrs. Roosevelt's, and of whom it is difficult to see that he has ever coordinated anything, told a Congressional Committee that the housing situation in Washington was getting so bad, that he was afraid the "parasites" would have to be removed.

The next day, Mr. Roosevelt, armed with a study of the situation prepared by Palmer, walked right into the correspondents' question: "How about the parasites."

With his mind unquestionably on Cousin A, who has a big home on Massachusetts Avenue, the President classed as parasites the people who live in 20 room houses on Massachusetts Avenue. The reaction was terribly bad. It developed that Palmer himself was living in a place just about as large, that such other staunch New Dealers as Joe Davies and Sumner Welles maintained such homes.

Immediate result: Tuesday's press conference of this week was called off.

ABA Arranging "Action" Program For Credits In N. Y. C. March 4-6

Gearing itself for further action in the credit field during the war emergency, the American Bankers Association is planning a "stripped-for-war-action" credits clinic to be held March 4-6, in New York City, to replace its former annual Eastern Regional Conference, it is announced by Henry W. Koeneke, ABA President, who is President of the Security Bank of Ponca City, Ponca City, Okla. The area for the clinic embraces all New England and Middle-Atlantic States, including Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Maryland, Delaware, and the District of Columbia. Invitations to the clinic will be sent shortly to all banks in this area. The program for the credits clinic is arranged to allow maximum informality of discussion among the delegates in attendance as well as to provide addresses by leaders in the field of Government and war production agencies, banking business, and industry. Mr. Koeneke in his comments said:

> The problems in the credit field that have arisen this year because of America's entry into the war demand a "shirt-sleeve" working credits conference for banks at which more intensive and detailed consideration can be given the credit field than limited time has allowed during the previous annual regional conference.
>
> We are arranging the three-day program to bring to the delegates during the morning sessions of each day addresses by outstanding men in the various fields of Government and private business who are concerned with defense and war production, and to permit the afternoon sessions of the clinic to be held as small, informal discussion groups. We are also arranging two evening sessions that will be given over to addresses by leading economists and a panel discussion of the economic aspects of the war.
>
> The first day of the conference will be given over to consideration of agricultural credit and farm loans in the war emergency. The clinic's second day will feature consumer credit problems arising from the emergency. The Soldiers' and Sailors' Civil Relief Act, FHA Title I loans, and the Federal Reserve Board's Regulation W will be discussed. The third day of the clinic will provide intensive consideration of commercial credit. Representatives of manufacturing, business, and Government war production supervisory agencies will speak at the morning session.

Headquarters for the clinic will be the Waldorf-Astoria Hotel.

A real Estate Mortgage Clinic, the fourth in a nation-wide series of such clinics, will be held in New York, March 26-27, thus allowing ample consideration of this lending field in the war emergency, Mr. Koeneke said.

WPB Amends Sugar Order Rationing Is Near

The War Production Board on Jan. 27 revised its sugar conservation order by making 1941, instead of 1940, the base period upon which allocations of sugar will be made to wholesalers, jobbers and industrial users. At the same time the Board amended the order so that receivers will be allotted a percentage of the amount of sugar used or resold by them during a corresponding period in 1941. The first such supplementary order under this amendment fixes 80% as the amount and February as the period. Previously, a receiver (wholesaler, jobber or industrial user) could receive as much sugar in any month as he received during the corresponding month in 1940.

Price Administrator Leon Henderson on Jan. 26 announced that under the sugar rationing plan, scheduled to become effective early in February, each person will probably be restricted to three-quarters of a pound per week. The OPA's plan aims to reduce consumption from an average of about 74 pounds per person in 1941 to 50 pounds in 1942, and to cut supplies to industrial users from 40 pounds to 27 pounds per capita.

Roosevelt Signs Emergency Price Control Act; Commodity Ceilings Planned To Check Inflation

The Emergency Price Control Act of 1942 was enacted into law on Jan. 30 when President Roosevelt signed the legislation. This action came six months after the President had requested its passage as a check against inflation. Mr. Roosevelt on Feb. 2 sent to the Senate the name of Leon Henderson, present head of the Office of Price Administration, as administrator of the Act with power to put ceilings over all commodities and over rents in defense areas. However, with regard to commodity ceilings the bill contains various restrictions as to how low ceilings may be set on farm products. In approving the bill, the President issued a statement in which he termed the measure, known as "the Emergency Price Control Act of 1942"—"an important weapon in our armory against the onslaught of the Axis powers." While he terms "the act taken all in all" as "a workable one" he states that the enactment of the legislation "does not mean that the battle against inflation has been won."

Final Congressional action on the bill came on Jan. 27 (noted in our Jan. 29 issue, page 440), when the Senate adopted by a 65 to 14 vote the conference report worked out by a joint Senate-House committee. The House approved the conference agreement on Jan. 26 by a vote of 286 to 112. Before adopting the conference report, the House on Jan. 27 rejected, by a vote of 189 yeas to 210 nays a motion by Representative Wolcott (Republican) of Michigan to return the bill to conference with instructions to revise it. Representative Wolcott, said the Associated Press, led a "powerful coalition" which sought to eliminate a system of business licenses designed to enforce price control and which also believed a board of review should be set up to pass on price ceilings that might be fixed.

The compromise bill does not embody the drastic Senate "emergency wage parity" amendment which would have tied farm parity levels with industrial wages and permit farm prices to rise to 120% of parity before ceilings could be imposed. President Roosevelt voiced his opposition to this provision at a conference with House conferees on the bill on Jan. 13. He said it would have the effect of making the measure one to compel inflation rather than to control it. In the final version of the bill the House provision for 110% of parity as the basic point is retained.

However, on the Senate farm bloc's amendment giving the Secretary of Agriculture veto power over any farm price ceilings fixed by the Price Administrator, the Administration lost out. The President had asked the Senate in a special message on Jan. 8 not to divide control over prices, claiming that "the whole price structure is linked together."

On the other major points in the control legislation the Administration was successful. These included provisions for a single administrator, licensing of businesses to curb ceiling violators and giving the Price Administrator power to buy and sell commodities in order to increase production and maintain price stability. The House had favored a five-man board to review the Administrator's rulings and previously refused to accept the other two sections, whereas the Senate had voted for all three in passing its bill on Jan. 10.

With regard to farm price ceilings, the bill provides that these cannot be fixed below the highest of the following levels: average farm prices on Oct. 1, 1941, or Dec. 15, 1941; average farm prices for 1919-29; or 110% of parity price levels. (Parity is a price which would give farm products the same purchasing power they had in the 1909-14 period.)

The price control bill will remain in effect until June 30, 1943, unless the President or Congress decide sooner that its continuance is no longer required in the interest of national defense and security.

The President asked Congress for price control legislation last July 30 (see issue of Aug. 2, page 628) and the Administration's bill was introduced in both houses on Aug. 1 (referred to in these columns of Aug. 9, page 767). Following months of hearings and delays in committee the House on Nov. 27 passed its version of the law (see issue of Dec. 4, page 1353). The measure then went to a committee of the Senate, where, following this country's entry into the war, action was speeded up. However, the measure passed by the Senate on Jan. 10 by a vote of 83 to 1 was considered too favorable to the farmers and the President intervened, asking for considerable revision. The Senate-House conferees then took a week for settling differences in the two versions, leading to final Congressional approval on Jan. 27. Pointing out that under the new legislation licenses could be required for the conduct of almost any business, Associated Press accounts from Washington Jan. 26 said:

> If provisions of a license were violated, the offending party would be warned, then the Government could petition a State court to suspend it.
>
> That court might, after a hearing, suspend the license for not longer than 12 months and the aggrieved party could appeal through normal court channels.

Noting that "in all, about 35% of the total value of wholesale goods is already under price control, as is almost half the field of metals and metal products," further Associated Press advices Jan. 28 stated:

> The scope of price control is enlarged tremendously by the new measure. Here are its principal provisions:
>
> A single administrator is authorized to fix price maximums on selected commodities whenever he believes prices are excessive and threaten the war production program.
>
> Except as to farm prices, the levels between Oct. 1 and 15, 1941, would be used as standard. Before farm prices could be limited, they could rise to 110% of parity, the average price between 1919-29, or the level on Oct. 1 or Dec. 15, 1941. Farm price orders would be subject to approval of the Secretary of Agriculture. The Administrator also could buy and sell commodities to stimulate production and control prices, and would have the power to check profiteering and hoarding.
>
> Rent maximums, with April 1, 1941, charges as a standard, also could be ordered in crowded defense areas.
>
> Buyers and sellers of all commodities affected by price orders, except farmers and fishermen, would be licensed. After one violation and a warning, the Administrator could ask the courts to suspend a license for as long as 12 months.
>
> Criminal penalties up to $5,000 fine and two years in jail also are provided for violators.
>
> Appeals could be taken from OPA orders, either to the Administrator, a special court of Federal judges, or the Supreme Court. Wages are exempt from limitation as are rates charged by publishers of newspapers, books and periodicals, press associations, railroads, public utilities, radio, motion pictures or other theaters, outdoor advertising firms, doctors and lawyers.

Pan-American Conference Gives Assurance Unity And Solidarity Of Western Hemisphere

The conference of Foreign Ministers of the 21 American republics which had been in session in Rio de Janeiro, Brazil, since Jan. 15, was formally adjourned on Jan. 28 after resolutions were adopted recommending to their respective governments the severance of diplomatic relations with Japan, Germany and Italy and the setting up of joint military, economic and financial boards. Up to the closing date of the meeting only Argentina, Chile and Ecuador did not sever relations with the Axis Powers. However, Ecuador later broke off diplomatic relations following the settlement of its century-old border dispute with Peru.

Among the economic resolutions adopted were those calling for the breaking off of commercial and financial intercourse, control of Axis companies and nationals and measures to alleviate any injuries to the economies of the American republics.

Sumner Welles, Under-Secretary of State, who headed the United States delegation, returned to Washington on Feb. 1 from the conference to report at length to President Roosevelt and Secretary of State Hull on the results attained. Mr. Welles arrived at Miami on Jan. 31 after a record-breaking airplane flight from Rio de Janeiro. He expressed satisfaction with the accomplishments of the two-weeks' conference, which was directed toward the common objective of hemispheric solidarity and mutual defense.

Mr. Welles and his associates were welcomed back by Secretary Hull on Feb. 2 and congratulated on their efforts. A dispatch from Washington Feb. 2 to the New York "Times" quoted Mr. Hull as saying:

> Upon the return of the American delegation to the Rio conference, headed by Mr. Welles, I desire to welcome them home and to felicitate with them upon the splendid success which has attended their unremitting efforts at the Rio conference, efforts which were directed toward the common objective of hemispheric solidarity and mutual defense. I am sure that the fine results already achieved at Rio will be translated rapidly into effective action throughout all of the American nations.

At the opening session of the Conference on Jan. 15, Secretary Welles urged the non-belligerent American nations to abandon the "tattered fiction of an illusory neutrality" and to evict Axis agents from their territory. He also called upon the nations for unity, "not only in the measures which must presently be taken in the defense of our western world, but also in order that the American republics, joined as one, may prove to be the potent factor which they should be of right in the determination of the nature of the world of the future, after the victory is won."

At the start of his talk, Mr. Welles reviewed the course which the United States pursued prior to the attack by the Japanese on Dec. 7 and declared that the greatest assurance that the American family of nations can safely survive the world upheaval "lies in the unity with which we face the common peril."

Mr. Welles also informed the Foreign Ministers that the United States is prepared to co-operate wholeheartedly with the other American republics in handling the economic measures related to the conduct of the war. He continued:

> The United States stands prepared to render financial and technical assistance, where needed, to alleviate injury to the domestic economy of any of the American republics which results from the control and curbing of alien economic activities inimical to our common defense.
>
> "It is ready to enter into broad arrangements for the acquisition of supplies of basic and strategic materials, and to co-operate with each of the other American republics in order to increase rapidly and efficiently their production for emergency needs. Finally, it stands ready through the United States Maritime Commission to render every assistance in the efficient operation of merchant vessels. . . ." He also spoke of the United States policy toward providing essential requirements for the other republics.

Pan-American unity against Axis aggression, Mr. Welles said, is imperative not only for the defense of the Western Hemisphere itself, "but also in order that the American republics, joined as one, may prove to be the potent factor which they should be of right in the determination of the nature of the world of the future, after the victory is won." He further asserted:

> When peace is restored it is to the interest of the whole world that the American republics present a united front and be able to speak and act with the moral authority to which, by reason of their enlightened standards, as much as by reason of their number and their power, they are entitled.

Mr. Welles concluded:

> At this time the issue is clearly drawn. There can be no peace until Hitlerism and its monstrous parasites are utterly obliterated, and until the Prussian and Japanese militarists have been taught in the only language they can understand that they will never again be afforded the opportunity of wrecking the lives of generation upon generation of men and women in every quarter of the globe.
>
> When that time comes men of goodwill must be prepared and ready to build with vision afresh upon new and lasting foundations of liberty, of morality, of justice, and, by no means least perhaps, of intelligence.
>
> In the attainment of that great achievement the measure of our devotion will be the measure of the world's regeneration.

In a radio address to the United States on Jan. 24, Mr. Welles summarized the conference accomplishments up to that time and said that "we have already met with the utmost success in attaining the objectives which we sought." He also stated that as a result of the conference "there exists today a more practical, a more solid and a more real Pan-Americanism than has ever existed before in the history of our hemisphere."

Price Ceilings Apply To Latin-American Exports

The Office of Price Administration will provide the same protection for Latin American purchasers as applies to goods sold for domestic consumption, Price Administrator Leon Henderson announced on Jan. 24. It was said that every effort will be made to see that price ceilings would not interfere with the normal flow of exports. Upon Mr. Henderson's recommendation, Secretary of State Hull sent the following telegram to the recent Inter-American Conference at Rio de Janeiro informing the delegates of this policy:

> We are pleased to inform you there are being established in the United States export price ceilings on scarce materials which are calculated to prevent speculation and profiteering and yet will provide sufficient margin over domestic ceilings not to interfere with flow of exports. The price paid by the Latin-American purchaser would, therefore, approximate the domestic price plus normal export charges.

Morgenthau Favors World Trade Dollar

Secretary of the Treasury Morgenthau recently expressed the hope that some kind of world trade dollar be established as an international currency of fixed value. A Washington dispatch Jan. 22 to the New York "Times" reported Mr. Morgenthau's remarks as follows:

> If some method could be worked out for us to settle our balances in this hemisphere it would naturally be very, very useful. It could be something like the old trade dollar. It would be recognized as a common unit and have a definite value wherever it was used
>
> The thought was that if we could get an agreement in this hemisphere, there is a possibility of extending it to the rest of the world.
>
> If we could get some currency unit common to all the Republics and to Canada and some kind of fund back of it to keep the currency stable, it would help the flow of trade and bring us that much closer to each other. It would be purely an export currency. It could be our own dollar or a new currency.
>
> Pegging other currencies to our dollar might be simpler but not acceptable to the other countries.
>
> But we should be intelligent enough to work out a method of debt settlement between the nations for goods received so that American businessmen could feel free to export their goods to any country in this hemisphere and get paid in a currency of fixed value.

Civilians In War Work Abroad Should Continue President Advises

The White House indicated on Jan. 16 that President Roosevelt believed American civilians employed abroad on essential war projects should "continue with their present labors rather than return home for service in the ranks of the armed forces." The White House statement said:

> Reports are reaching the President saying in effect that many citizens of the United States, employed abroad on projects essential to the conduct of the war, are wondering whether they should return to this country for active service with the armed forces—the Army, Navy and Marine Corps.
>
> It is reported in this connection that virtually all of these citizens are performing services of great value where they are—doing work most helpful to the United States, and to the United Nations at war with the Axis and Japan.
>
> The President therefore feels that these citizens should continue with their present labors rather than return home for service in the ranks of the armed forces.